

***Economic Feasibility
Of Industrial Development
In The East Bayfront***

Final Report

A report prepared for:

**The City of Toronto
Planning & Development Department**

Prepared by:

**Stephen Chait Consultants Ltd.
Cumming Cockburn Limited**

April 28, 1992



Chait

STEPHEN CHAIT CONSULTANTS LTD.

71 White Lodge Cr., Richmond Hill
Ontario L4C 9A4
Telephone (416) 737-8100
Fax (416) 770-5541

April 28, 1992

Mr. Robert E. Millward
Commissioner of Planning and Development
City of Toronto
Toronto, Ontario
M5H 2N2

Dear Mr. Millward:

Re: Economic Feasibility Of Industrial Development In East Bayfront

With this letter we are pleased to submit our final report outlining the results of our examination of the economic feasibility of future industrial development in East Bayfront.

Our report addresses three key issues:

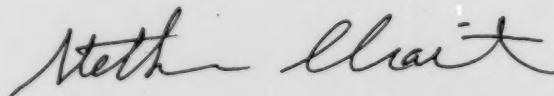
1. *What are the short-term and longer-term prospects for new industrial development in the area?*
2. *What conditions are necessary for future industrial development in the area?*
3. *How should the East Bayfront Part II Plan address the role of industry in the area?*

The study was carried out for the Department of Planning and Development by Stephen Chait Consultants Ltd. (management consultants), in collaboration with Cumming Cockburn Limited (planning consultants). The work was conducted over a four month period incorporating an initial stage of inquiry and analysis, followed by a second stage focused on development of strategic recommendations, and preparation of the final report.

An executive summary highlighting the study's findings and conclusions precedes the report text.

We are pleased to provide the City of Toronto with the results of our review of the economic feasibility of industrial development in East Bayfront, and we look forward to participating in any discussions regarding the contents of this report.

Respectfully submitted,



Stephen Chait, C.M.C.
President

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EXECUTIVE SUMMARY

The purpose of this study is to examine the economic feasibility of future industrial development in the East Bayfront area of the City of Toronto. As well, the study examines the conditions necessary for future industrial development in the area and the role of planning policy in ensuring support and enhancement of industrial and employment development in this area of the city. This industrial development study of East Bayfront provides input to the Part II planning study for East Bayfront.

Summary Of Findings

East Bayfront is in urgent need of renewal and re-investment. Its status as a viable industrial area has been seriously undermined as a result of:

- The loss of traditional manufacturing operations and port-related functions,
- The rising value of urban waterfront areas as "people places" and as possible locations for residential development (resulting in real estate speculation), and
- The barriers to growth and renewal inadvertently created as a result of the numerous and complex study and strategic initiatives taken by all levels of government.

East Bayfront is in a period of transition which is likely to endure for another 10-15 years, before the area once again achieves its position in the City and region as an important source of economic activity and urban vitality. The transition from traditional manufacturing and port-related industrial activity has been in evidence for at least the past decade, with little in the way of new investment to off-set the visible signs of de-investment and decay. The current recession and economic restructuring are adding to the decline of the area, and to the loss of confidence in the industrial future of the area.

The analyses undertaken in this study have demonstrated that:

- The traditional industrial uses and single storey development form lack financial viability,
- Multi-storey industrial buildings with space suited for quasi industrial uses command premium industrial rents and are economically viable in East Bayfront,
- Quasi industrial uses are service-oriented activities (such as data processing functions) and include graphic arts and other studio style uses (e.g. architects, advertising agencies, etc.) which characteristically require office-like space rather than traditional industrial space,

- East Bayfront has the ability to serve as a location for these contemporary forms of industrial activity given its downtown and waterfront location, amenities, and its ability to be redeveloped as a contemporary employment district, and
- Supply of industrial lands in the GTA and inner city areas greatly exceeds forecast demand.

Recommended Development Concept

East Bayfront has always been an important part of the City's economic base, and its value as a city and regional resource will continue to grow. However, this will occur only if the area is permitted to adapt to the contemporary conditions which prevail and are anticipated to shape its future viability as an employment area and as an emerging new mixed use neighbourhood. To guide and achieve this renewal of East Bayfront will require a shared vision among both public and private interests.

Most importantly, it will require a commitment by the City of Toronto to take a leadership role in guiding the economic renewal process, to overcome the barriers to renewal, and to build private and public confidence in the future of East Bayfront. Implementation of the recommended development strategy will require a commitment to a 15-20 year program of gradual investment, and attention to fostering opportunities for positive, catalytic change by way of privately funded and/or publicly supported development initiatives.

Industrial redevelopment of East Bayfront is likely to be a slow process, and demand is unlikely to be large enough to justify the retention of all of these lands for industrial or related employment uses. It is therefore relevant and necessary to consider the implications of potentially planning for the revitalization of East Bayfront within a mixed-use development framework.

To achieve a mixed use scenario, industrial uses will need to be combined with commercial, residential, recreational, or institutional uses, or a combination of these activities. The City has clearly stated that no new commercial office centres will be considered in East Bayfront except for ancillary office space to other permitted uses. It is also realistic to assume that although there may be some institutional uses in East Bayfront, there does not appear to be a demand to establish a new civic or public facility focus for Toronto of the scale required to account for the total amount of developable land. Therefore, residential uses remain as the main higher order activity that can be considered in conjunction with the industrial uses for the future development of East Bayfront.

The introduction of residential uses to East Bayfront need not be detrimental to existing or future industrial activities, and service oriented industrial uses are generally more compatible with residential uses than heavier, traditional industrial activities. In addition, the amount of vacant and underused land in East Bayfront presents the opportunity to further minimize any conflicts through the overall allocation or distribution of uses and general urban design considerations.

The City of Toronto can accomplish a great deal towards the future redevelopment of East Bayfront by establishing a greater certainty in the area by formally adopting an Official Plan Amendment that clearly sets out the City's objectives and which takes into account the area's realistic opportunities for growth. East Bayfront is a clearly definable, underused industrial area that provides the opportunity to redesignate the area from existing traditional industrial designations without undermining the City's commitment to preserving its larger industrial firms (i.e., Redpath Sugars).

Given the results of this study, East Bayfront should be redesignated to permit a mixed-use community of industrial, residential and commercial uses. This will require a change in the City's Official Plan and zoning designations for the area to include the range and types of uses that will comprise East Bayfront and to establish the appropriate densities for each.

Recommended Implementation Program

The strategy for preserving and enhancing East Bayfront as an urban employment area, with mixed use characteristics, should be founded on clearly stated objectives which are widely supported and measurable. The six objectives recommended for adoption as the basis for the renewal of East Bayfront are: job retention, job attraction/creation, a larger tax base, sustainable development, community development, and removal of barriers to investment and renewal.

The recommended action program for renewal of East Bayfront is focused on three broad strategies: infrastructure improvements, policy changes, and marketing initiatives. The future of East Bayfront will be greatly influenced by the impacts of the infrastructure modifications planned and/or proposed for the immediate area. These potential modifications include: a modified road pattern, the creation of a waterfront park/trail, the elimination or reduction of the Gardiner Expressway, improved flood control and flood proofing measures, extension of LRT service, changes to rail freight services, establishment of a marine passenger terminal, and the creation of improved social and business infrastructure and services.

Few if any of these infrastructure initiatives are likely to be resolved in the next few years, and it may well require the balance of this decade before the physical structure, design, and future development composition of East Bayfront is resolved. This high level of uncertainty and the cost associated with their resolution, pose major problems and barriers for persons and businesses contemplating investing or re-investing in East Bayfront.

Establishing a mixed-use community includes changing the permitted industrial uses in the area from traditional industrial activities to more contemporary industrial uses. This is in keeping with the policy directions set out in the Cityplan '91 Report No. 22, Future of City Industry Study, which noted that industries serving the service sector is a growing economic sector (although sensitive to the overall economic growth of the sectors they serve). These contemporary industrial businesses include photo and graphic industries, data processors, printing and other media related functions (i.e. advertising firms, computer graphics and software firms, public relations and

promotion firms, etc.). The future of East Bayfront as an industrial domain is more closely tied to attracting these contemporary firms, rather than pursuing a shrinking opportunity to attract larger traditional manufacturing firms and transportation-related operations whose location and financial requirements would tend to eliminate East Bayfront as a competitive and viable location.

The City of Toronto can accomplish a great deal to improve the physical image and reputation of East Bayfront, by initiating improvements to the appearance of the area, and by providing businesses with an upgraded infrastructure to meet the needs and vision of the future East Bayfront. Provincial grants (i.e., the Ministry of Municipal Affairs' Program For Renewal, Improvement, Development And Economic Revitalization {PRIDE}) should be applied for to assist in the funding of infrastructure projects (described earlier), and could also include signage, building restoration, and land acquisition.

These initiatives require commitment to more than just a planning document (i.e., the Part II Plan, or Official Plan). They require commitment to implementing the objectives and goals of the plan. Given the size and importance of East Bayfront to the City, it is recommended that a marketing program be adopted to maintain positive attention on East Bayfront and to foster public and private sector cooperation and investment in the area. To implement this marketing program, the City will need to commit staff and resources. A 6-point marketing program and the range of staff resources required are presented in the full report.

The City of Toronto must indicate to industry and to the public that it has a vision of the future of East Bayfront, and that it is prepared to make a commitment to achieving this vision. The future of the area as a dynamic economic zone and contributor to the economic, social, and environmental well-being of the City is attainable in theory, but requires a considerable level of investment, strategic planning, promotion, and patience to achieve. A business plan should be developed to define the contribution which the City is prepared to commit to this project over the term of the current City Council, and with regard to the need to continue the commitment over the longer term.

1. THE PURPOSE OF THIS STUDY

The purpose of this study is to examine the economic feasibility of future industrial development in the East Bayfront area of the City of Toronto. As well, the study examines the conditions necessary for future industrial development in the area and the role of planning policy in ensuring support and enhancement of industrial and employment development in this area of the City.

1.1 Study Objectives And Timing

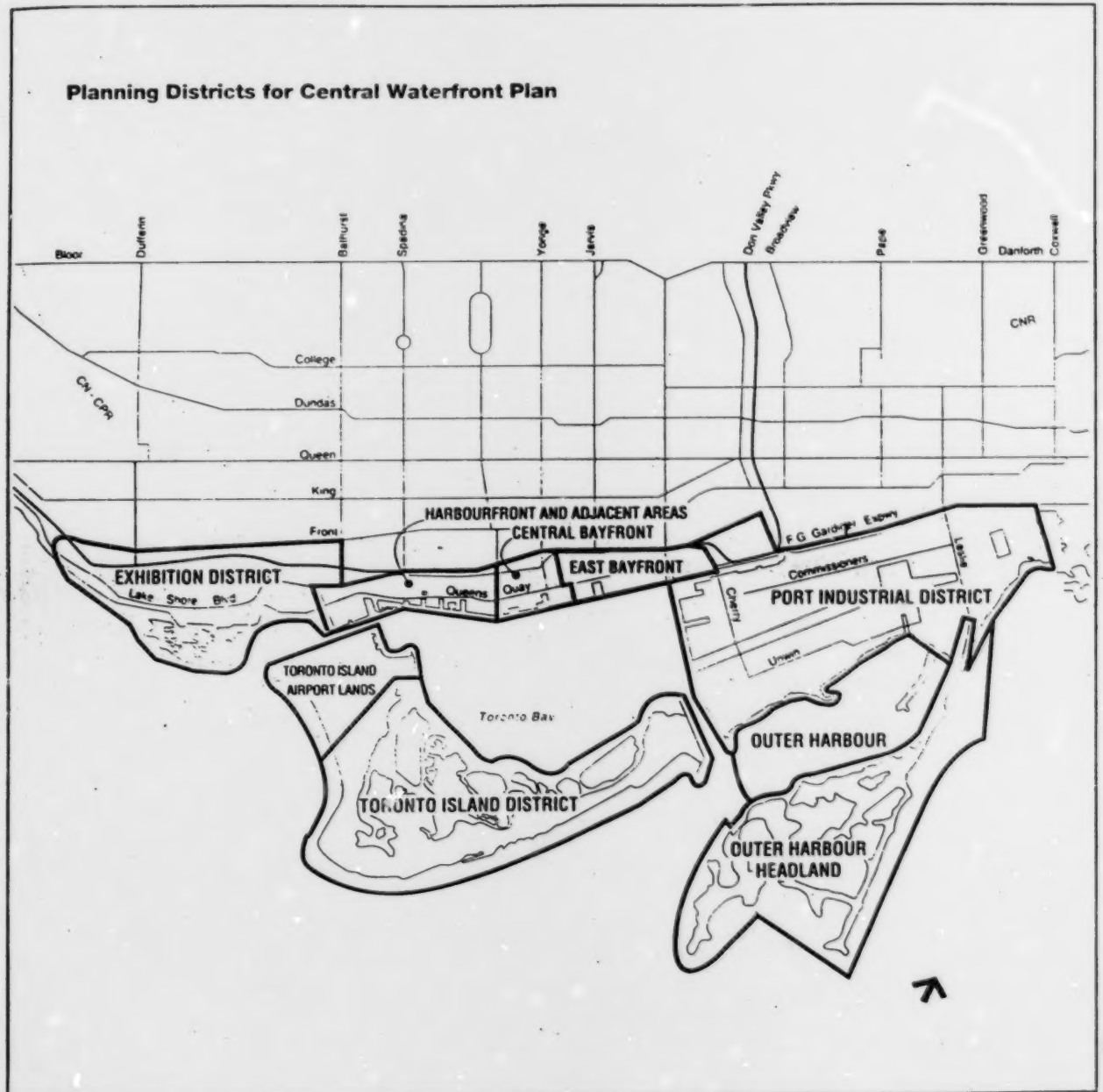
The Economic Feasibility Of Industrial Development Study of East Bayfront provides input to the Part II planning study for East Bayfront. The Part II study is being conducted by the Toronto Planning & Development Department in response to:

- Objections of affected landowners to the use and/or density provisions contained in the Central Waterfront Official Plan and Zoning By-law amendments, and
- The receipt of applications and inquiries regarding the possibility of redesignating industrial lands for residential purposes.

Key products of this study include:

- Review of policies put forward for East Bayfront by the City, Metro Toronto, and Provincial authorities, commissions, and agencies,
- Market analysis of the viability and feasibility of industrial development in East Bayfront,
- Pro forma analysis of the financial feasibility for future industrial development,
- Analysis of the current and potential assessment generated in East Bayfront,
- Recommendation of a preferred development strategy that:
 - ✓ promotes industrial land use options, where viable and achievable,
 - ✓ recommends a marketing and implementation strategy,
 - ✓ recommends policy initiatives.

Exhibit 1.1



1.2 Physical Description Of The Study Area

East Bayfront is part of Toronto's Central Waterfront Area. As Map 1.1 shows, the Central Waterfront area is a long strip of land, stretching across almost the entire lake frontage of the City. The Central Waterfront extends from the Canadian National Exhibition in the west to Ashbridges Bay in the east, and comprises a number of distinct areas in addition to East Bayfront: Toronto Island District, Harbourfront, Central Bayfront, and the Port Industrial District.

East Bayfront is flanked on the west by the Central Bayfront area and on the east by the Port Industrial District. Central Bayfront, immediately south of the Financial District, has been the focus of a number of recent developments which have added to its mixed-use characteristic with commercial, office and residential uses. The Port Industrial District is an active, although underused, industrial port and includes the mouth of the Don River which empties into Keating Channel just east of East Bayfront.

The northern edge of East Bayfront is well defined by the combination of the Gardiner Expressway, Lakeshore Boulevard and the railway embankment. These transportation corridors provide a physical barrier between East Bayfront and the rest of the City to the north. The St. Lawrence Neighbourhood extends along the entire length of East Bayfront but is physically separated from East Bayfront by these corridors with only limited north/south links along existing arterial roads.

A series of quays, docks and slips extend along the entire southern boundary of the East Bayfront area. The dock wall and quays are generally no longer actively used for maritime shipping, with the exception of the area at the foot of Jarvis Street which is still used regularly by Redpath Sugars in its day-to-day operations. Occasionally, the dock wall in East Bayfront is used for ship mooring.

1.3 Description Of The Study Process

This study has been conducted in two stages with opportunities for the involvement of area businesses, and landowners in the preparation of the study. With the assistance of the City Planning Department, informal meetings of area business leaders,



landowners, and interested individuals have been held to provide information as the study progressed and to gain background information as to the concerns and opportunities for future industrial development in the area.

Property Inventory - East Bayfront (sq.ft.)

Owner	Street No.	Street Name	Description of Lot (ft.)		PRG	Yr. Built	Building Description		Total Floor Area	Grnd Floor Area	Density	Parking Spaces	
			Width	Depth			# of Bldgs	# of Floors				Indoor	Outdoor
REDPATH SUGARS LTD	95	QUEENS QUAY E	810	492,013	6	1959	7	6	404,995	216,190	0.90	0	268
TORONTO HARBOUR COMMISSION	125	QUEENS QUAY E	632	435,425	0	-	0	0	0	0	0.00	0	0
TORONTO HARBOUR COMMISSION	175	QUEENS QUAY E	367	488,805	1	1959	1	1	200,211	200,211	0.40	0	300
TORONTO HARBOUR COMMISSION	281	QUEENS QUAY E	1,260	667,737	1	1959	6	1	225,583	225,583	0.30	0	318
GOVERNMENT SERVICES MINISTRY	102	QUEENS QUAY E	292	86,865	1	1951	1	1	36,175	36,175	0.40	50	82
NUKO INVESTMENTS LTD	130	QUEENS QUAY E	272	65,970	2	1945	1	2	37,294	25,308	0.80	6	24
GEMESS INVESTMENTS LTD	162	QUEENS QUAY E	157	24,649	1	1951	1	2	46,107	23,059	1.50	4	10
GOVERNMENT SERVICES MINISTRY	178	QUEENS QUAY E	253	84,009	1	-	1	1	14,085	14,085	0.40	20	20
TORONTO HARBOUR COMMISSION	190	QUEENS QUAY E	243	30,688	1	1976	1	1	8,855	8,855	0.30	0	42
BUDD LOWELL G	200	QUEENS QUAY E	538	67,250	1	1956	1	1	43,180	43,180	1.00	0	33
LIQUOR CONTROL BOARD ONTARIO	55	LAKE SHORE BLVD E	286	269,398	5	1953	1	5	508,710	184,984	1.90	7	178
LIQUOR CONTROL BOARD ONTARIO	95	LAKE SHORE BLVD E	328	198,554	0	-	0	0	0	0	0.00	0	690
GOVERNMENT SERVICES MINISTRY	125	LAKE SHORE BLVD E	299	91,195	3	1957	1	3	158,150	50,959	1.70	21	86
KINTORK ONTARIO LTD	143	LAKE SHORE BLVD E	269	75,471	2	1951	1	2	114,282	57,146	1.50	0	10
ABOVO INVESTMENTS LTD	215	LAKE SHORE BLVD E	627	196,822	1	1959	1	1	103,145	93,806	0.50	0	125
LUX & ZWINGENBERGER LIMITED	259	LAKE SHORE BLVD E	367	64,076	2	1951	1	2	78,848	33,421	1.20	0	55
SMALL LAKESHORE PROPERTIES	291	LAKE SHORE BLVD E	299	43,621	2	1951	1	2	21,649	15,882	0.50	0	15
HAUPERT JOSEPH	307	LAKE SHORE BLVD E	217	17,143	1	1951	1	1	14,655	14,655	0.80	0	8
THCCENTRAL SOYA	333	LAKE SHORE BLVD E	315	262,791	2	-	2	2	184,480	178,820	0.70	0	80
* ST. LAWRENCE PARK II (LTD)	351	LAKE SHORE BLVD E	131	228,952	3	-	2	3	281,729	160,464	1.20	12	100
* ST. LAWRENCE PARK II (LTD)	359	LAKE SHORE BLVD E	156	282	0	-	0	0	0	0	0.00	0	0
ST LAWRENCE PARK (I) LTD	324	CHERRY ST	784	590,261	0	-	0	0	0	0	0.00	0	0
TORONTO HARBOUR COMMISSION	15	COOPER ST	30	6,897	0	-	0	0	0	0	0.00	0	0
TORONTO HARBOUR COMMISSION	15	FREELAND ST	79	5,445	0	-	0	0	0	0	0.00	0	0
CHAS. ABEL REALTY LTD	5	LOWER SHERBOURNE ST	256	50,949	2	1964	1	2	49,754	25,135	1.00	0	44
SMALL LAKESHORE PROPERTIES	2	SMALL ST	128	13,407	0	-	0	0	0	0	0.00	0	0
TORONTO HARBOUR COMMISSION	11	SMALL ST	138	13,063	0	-	0	0	0	0	0.00	0	0
TORONTO HARBOUR COMMISSION	7	PARLIAMENT ST	246	4,896	0	-	0	0	0	0	0.00	0	20
RCYC	11	PARLIAMENT ST	246	17,420	0	-	0	0	0	0	0.00	0	0
TORONTO HARBOUR COMMISSION	15	PARLIAMENT ST	52	441	0	-	0	0	0	0	0.00	0	0
TOTAL				4,555,213			32		2,527,818			120	2,459

*Note: Combined property information.

Source: City of Toronto Management Services Department, 1990.

2. AN AREA IN TRANSITION

East Bayfront is an area in economic decline. The traditional sources of its industrial base (i.e., manufacturing and port-related businesses) have virtually all abandoned the area, and with the exception of a very small number of outstanding, viable businesses (such as Redpath Sugars and Chas. Abel), the area has failed to attract any significant new industrial investment. In the place of manufacturing firms, several wholesale, distribution, and service-commercial businesses have moved in to reuse the vacant industrial premises. But no new plants or factories have been built since the 1970's. In contrast, the areas to the north (i.e., St. Lawrence) and to the west (Central Bayfront and Harbourfront) have witnessed tremendous change and investment. The contrast in experience has not gone unnoticed by the landowners in East Bayfront, and the resulting period of inertia and declining investment is symptomatic of the perception that the future of East Bayfront will be characterized by new forms of land use, employment types, and economic returns.

2.1 A Declining & Changing Employment Base

Land ownership in East Bayfront comprises 30 properties totaling approximately 42.1 hectares, or 104 acres (4.5 million square feet). As indicated in Exhibit 2.1 the majority of these properties are small in size, with only 10 being larger than 1.0 hectare, or 2.5 acres. Six of these large parcels are in the possession of the public sector (i.e., Toronto Harbour Commissioners {THC}, Ministry of Government Services {MGS}, Liquor Control Board Of Ontario {LCBO}). Although the area has been zoned for a total built capacity of 1.3 million square metres (13.6 million sq. ft.), only 234,840 sq. metres (2.5 million sq. ft.) of buildings have been built, or 18% of its zoned potential.

In keeping with the trends across the City of Toronto and Metro, manufacturing employment has been declining in East Bayfront and the surrounding area (including #1 Yonge Street), from 1,218 jobs in 1983 to 692 jobs in 1990, a decline of 526 manufacturing jobs. Gains have been made in the service sector (from 216 in 1983 to 305 in 1990) with an increase of 89 positions over the period, and in the office sector with an increase of 302 positions over the period. In contrast, employment in the manufacturing sector has declined by 526 jobs (43%) between 1983 and 1990.



Total Employment – East Bayfront Study Area (1) 1983-1990

Activity Type	1983		1988		1990	
	#	%	#	%	#	%
Manufacturing	1,218	21.4%	900	16.4%	692	11.7%
Storage/Trans/Comm	13	0.2%	584	10.6%	287	4.8%
Retail/Service	216	3.8%	243	4.4%	305	5.1%
Office	4,032	70.8%	3,466	63.0%	4,334	73.0%
Institution	213	3.7%	205	3.7%	299	5.0%
Recreation	3	0.1%	105	1.9%	19	0.3%
Total (1)	5,695	100.0%	5,503	100.0%	5,936	100.0%

Note: (1) Includes 1 Yonge St.

Source: Metropolitan Toronto Planning Department Employment Survey.

In East Bayfront itself (excluding #1 Yonge Street), the focus of this study, the office sector is the largest employment sector comprising 27% (13) of the total of 48 firms still operating here. There are only 6 manufacturing firms remaining in the area, the largest of which (i.e., Redpath Sugars) employs 320 full time workers.

Type of Firms – East Bayfront

Type of Activity	1991	
	# of Firms	%
Office	13	27%
Retail	10	21%
Wholesale/Distr./Service	7	15%
Manufacturing	6	13%
Institutional/Govt.	5	10%
Storage/Trans/Comm	4	8%
Automotive	3	6%
Total	48	100%

Source: Stephen Chait Consultants Ltd. field survey, 12/91

Comparing total employment figures with previous industrial studies (i.e., Cityplan '91 Report #2 - Industrial Land Use Policy In Toronto and Report #22 Future of City Industry Study), and factoring out employment generated from #1 Yonge Street reveals that total employment in East Bayfront is declining.

Total Employment In East Bayfront

Report	Total Employment* East Bayfront	Data Based On Year
Cityplan '91 Background Report #2	2,615	1988
Cityplan '91 Background Report #22	2,819	1989
Metro Toronto Employment Survey	2,089	1990

*Total employment excludes 1 Yonge Street (i.e. Toronto Star building)

Manufacturing Sector – East Bayfront

No.	BUSINESS NAME	UNIT	STREET NUMBER	STREET NAME	EMPLOYEES			PRA CODE	ACTIVITY TYPE	PRODUCT/SERVICE
					FULL	PART	TOTAL			
1	CAMERON SCREEN PRINTING LTD	BSMT	162	QUEENS QUAY E	5	0	5	471	MANUFACTURING	PRINTING
2	CHAS ABEL PHOTO SERVICE LTD		5	LOWER SHERBOURNE	205	22	227	472	MANUFACTURING	FILM REPRODUCTIONS
3	QUEEN'S QUAY GRAPHICS		200	LAKESHORE BLVD. E.	-	-	-	-	MANUFACTURING	PRINTING
4	REDPATH SUGARS		95	QUEENS QUAY E	320	0	320	431	MANUFACTURING	FOOD (BAKERY, PACKAGED GOODS)
5	DOMINION PHOTO SERVICE		26	BONNYCASTLE	-	-	-	-	MANUFACTURING	FILM REPRODUCTIONS
6	ALFALAB		259	LAKESHORE BLVD. E.	-	-	-	736	MANU/OFFICE	PHOTO LAB/GRAPHIC ARTISTS
7	LIQUOR CONTROL BOARD OF ONT		43	FREELAND ST.	13	0	13	-	MANUFACTURING	BOTTLING PLANT
Total							566			

Source: Stephen Chait Consultants Ltd. Based on City of Toronto data and field survey, December 1991.

Wholesale/Distribution/Business Service – East Bayfront

No.	BUSINESS NAME	UNIT	STREET NUMBER	STREET NAME	EMPLOYEES			PRA CODE	ACTIVITY TYPE	PRODUCT/SERVICE
					FULL	PART	TOTAL			
1	AAW LIMOUSINE		259	LAKESHORE BLVD. E.	-	-	-	-	WHOL/DIST/SERVICE	LIMO RENTAL SERVICE
2	MONTGOMERY KONE		200	LAKESHORE BLVD. E.	-	-	-	-	WHOL/DIST/SERVICE	ELEVATOR SERVICE
3	ROYAL TRUST	8	200	LAKESHORE BLVD. E.	-	-	-	-	WHOL/DIST/SERVICE	CORPORATE COMMUNICATIONS
4	TOTALINE	4	200	LAKESHORE BLVD. E.	-	-	-	-	WHOL/DIST/SERVICE	PLUMBING & HEATING
5	WESTBURNE ELECTRIC SUPPLY		259	LAKESHORE BLVD. E.	-	-	-	6	WHOL/DIST/SERVICE	ELECTRICAL SUPPLIES
6	HIGH & LOW WINDOW CLEANING		259	LAKE SHORE BLVD E	-	-	-	-	WHOL/DIST/SERVICE	WINDOW WASHING
7	LIQUOR CONTROL BOARD OF ONT		43	FREELAND ST.	113	0	113	-	WHOL/DIST/SERVICE	PRODUCT DISTRIBUTION
8	MARTIN'S RESTOR. & WINDOW CLEANING		259	LAKESHORE BLVD. E.	-	-	-	-	WHOL/DIST/SERVICE	WINDOW WASHING & BUILDING RESTORATION
Total					0	0	6			

Source: Stephen Chait Consultants Ltd. Based on City of Toronto data and field survey, December 1991.

The majority of firms in East Bayfront (over 92%) are small to mid-sized in nature employing less than 100 persons. There are only 4 firms employing more than 100 employees.

Size of Firms - East Bayfront (1991)

Employment	# of Firms	%
Less Than 25	35	73%
25-99	9	19%
100-199	-	0%
200+	4	8%
Total	48	100%

Source: Stephen Chait Consultants Ltd. field survey, 12/91.

Manufacturing & Wholesale Sectors

Exhibit 2.2 describes the manufacturing and wholesale/distribution firms in East Bayfront. The largest remaining manufacturing firms are Redpath Sugars employing 320 persons, and Chas. Abel Photo Services employing 227 persons.

Located at the western edge of East Bayfront, Redpath Sugars operates the newest (opened in 1959), and one of the most modern and efficient sugar refineries in North America. Redpath Sugars' refinery is a completely integrated production centre: from the unloading of the raw sugar (Redpath is the single largest user of the Port of Toronto), through the refining process, to the packaging and shipment of a multitude of refined sugar products. This location also serves as the company's Canadian head office location, and includes an important (and profitable) international sugar brokerage function. An estimated 320 employees (175 unionized) work on a 2 or 3-shift basis to produce approximately 1,000 tonnes of sugar per day. Eighteen stevedores are on contract to Redpath to unload the 30 ships which service the refinery over the course of a year (each ship requires 1-5 days to unload).

Redpath Sugars is the largest taxpaying business in East Bayfront, contributing nearly \$3.0 million dollars annually. The refinery is highly automated, and has been expanded several times since its opening in 1959. It is currently undergoing an \$11.0 million expansion which will increase its production capacity by 30%. Most of this additional capacity is targeted to increased export sales.

Redpath Sugars is a highly profitable company, and is committed to its East Bayfront location. It is continually re-investing in its plant, and is dedicated to remaining internationally competitive from its Toronto base. The company produces a line of end products which are considered to be of the highest quality in their competitive field, and which are sold by the firm across Canada and exported internationally. Redpath is currently launching a new "breakthrough" product, Splenda®, the first low-calorie sweetener created from sugar, and capable of being used in a wider variety of food processing applications than existing alternative brands of low-calorie sweeteners.

To continue to operate efficiently and competitively, Redpath requires continued security of access and egress from its site, and buffering from any conflicting land uses or operations. Specifically, Redpath is highly dependent on its water, rail, and road transport services. In addition to the 30 ships which unload at its dock wall, there are at least 50 of its own trucks (mostly tankers) entering or leaving the property daily, and 175 rail cars per year. The majority of this activity occurs between the hours of 6:00 a.m. and 7:00 p.m. These transportation services are the lifeblood of the firm's business. Unlike many other industrial companies who have abandoned marine and rail transport, Redpath continues to depend on these services, and may require additional rail freight service in future to ship its exports to Mexico and U.S. markets. Similarly, although the refinery operations are modern and largely contained within buildings, neighbouring land users must be respectful of the industrial nature of this business and the need to allow it to function on an around-the-clock basis.

The remaining active manufacturing firms in East Bayfront are small in nature employing less than 25 employees and are engaged in printing, or graphic arts/photo, or bottling operations. The only wholesale/distribution business of any significant size is the LCBO with 113 employees employed in its Freeland Street distribution centre.

Over the last 6 months in 1991, three manufacturers in the East Bayfront Study Area closed or announced the closure of their operations (i.e., Victory Soya, Ramset, and the Toronto Star press room), and a fourth (Chas. Abel) is prepared to leave once its property is capable of being marketed at higher than current values.

Transportation/Storage Sector – East Bayfront

No.	BUSINESS NAME	UNIT	STREET NUMBER	STREET NAME	EMPLOYEES			PRA CODE	ACTIVITY TYPE	PRODUCT/SERVICE
					FULL	PART	TOTAL			
1	CANPAR (Canadian Pacific)		281	QUEENS QUAY E	145	130	275	518	STORAGE & TRANSPORTATION	TRUCKING TERMINAL/COURIER
2	TORONTO WAREHOUSE LCBO		43	FREELAND ST	34	6	40	532	STORAGE & TRANSPORTATION	WAREHOUSE: LIQUOR /WINE
3	RAPID EXPRESS COURIER		259	LAKE SHORE BLVD E			6	716	STORAGE & TRANSPORTATION	COURIER
4	CITY FRONT DISTRIBUTORS		215	LAKE SHORE BLVD E	15	0	15	530	STORAGE & TRANSPORTATION	GENERAL OR MIXED WAREHOUSE
Total							336			

Source: Stephen Chait Consultants Ltd. Based on City of Toronto data and field survey, December 1991.

Transportation/Storage Sector

The transportation/storage sector summarized in Exhibit 2.3 employs a total of 336 people in East Bayfront. The overwhelming majority of this total sector employment is employed by Canpar (275). The LCBO warehouse operations (40 jobs) and the Canpar operation employ close to 95% of the workers in this sector.

Canpar employs virtually equal numbers of full-time and part-time workers. The full-time employees are residents from all across the Metro Toronto area. They fill the following positions: 80 drivers, 25 office and supervisory staff, and 30-40 pre-load personnel. The 130 part-timers participate in the loading and unloading, and sorting functions. They are employed for 3-6 hours per day, generally in the evening hours. The majority of part-timers reside in the City of Toronto, and rely on these positions as a second income (or as students this is their only source of income). Canpar leases its premises from the THC, and has 7 years left on its lease. The Canpar facility is located along the dock wall and has a rail spur along its frontage, but uses neither service.

An estimated \$10.0 million in immovable capital equipment is invested in conveyor systems, and the firm has made other leasehold improvements to maintain its operating efficiency. The operations involve movement of 130,000 packages a day (this is Canpar's national operations centre, accounting for 70% of national volume), with 200-300 pieces of equipment involved, including tractors, trailers, and curbside trucks. The majority of on-site activity is conducted between 3:00 p.m. and 9:30 a.m. Although the company is satisfied with its current location, the property itself may become expendable depending on:

- Corporate strategy

The company is a leader in the "low priority freight" sector of the courier/express delivery business. This is a very competitive sector which requires significant investments in capital equipment and technology. Over the course of its lease (7 years remaining), Canpar will be reviewing its building, property, location, and equipment needs.

- Operating conditions

Canpar is active on a 24-hour basis. Throughout the evening and late night hours there are trucks moving, loading, hitching and unhitching, and idling. The doors to the building itself are always open, allowing noise to travel, and in spite of efforts to keep trash under control, paper scraps and debris

Retail/Shopping/Service – East Bayfront

No.	BUSINESS NAME	UNIT	STREET NUMBER	STREET NAME	EMPLOYEES			PRA CODE	ACTIVITY TYPE	PRODUCT/SERVICE
					FULL	PART	TOTAL			
1	RPM VENTURES LTD.		130	QUEENS QUAY E.	5	75	80	652	RETAIL SHOPPING/SERVICES	LOUNGE AND BAR
2	NATIONAL BAIT INC.~		307	LAKESHORE BLVD. E.			68	629	RETAIL SHOPPING/SERVICES	
3	VICTORIA STATION		190	QUEENS QUAY E.	20	10	30	651	RETAIL SHOPPING/SERVICES	RESTAURANT AND TAVERN
4	LIQUOR CONTROL BOARD OF ONT		2	FREELAND ST			39	634	RETAIL SHOPPING/SERVICES	LIQUOR, BEER AND WINE RETAILING
5	LCBO EMPLOYEE CREDIT UNION		55	LAKE SHORE BLVD E	9	0	9		RETAIL SHOPPING/SERVICES	BANKING SERVICES
6	CARISMA		250	LAKESHORE BLVD. E.			4	688	RETAIL SHOPPING/SERVICES	
7	INSIGNIA SHOP	FL2	125	LAKE SHORE BLVD E	4	0	4	624	RETAIL SHOPPING/SERVICES	OTHER SPECIALTY STORES
8	TOTALINE		200	QUEENS QUAY E.			4	688	RETAIL SHOPPING/SERVICES	
9	LAKESHORE CAFE		250	LAKESHORE BLVD. E.			2	651	RETAIL SHOPPING/SERVICES	
10	TINY TOURS AND TRAVEL		250	LAKESHORE BLVD. E.					RETAIL SHOPPING/SERVICES	TRAVEL AGENCY
Total							240			

Source: Stephen Chait Consultants Ltd. Based on City of Toronto data and field survey, December 1991.

Automotive – East Bayfront

No.	BUSINESS NAME	UNIT	STREET NUMBER	STREET NAME	EMPLOYEES			PRA CODE	ACTIVITY TYPE	PRODUCT/SERVICE
					FULL	PART	TOTAL			
1	DOWNTOWN MAZDA		291	LAKESHORE BLVD. E.			40	616	AUTOMOTIVE SERVICES	CAR DEALERSHIP
2	CARISMA MOTOR PRODUCTS		250	LAKESHORE BLVD. E.				616	AUTOMOTIVE SERVICES	CAR DEALERSHIP
3	AUTOBAHN FINE CARS		190	QUEENS QUAY E				616	AUTOMOTIVE SERVICES	CAR DEALERSHIP
Total					0	0	40			

Source: Stephen Chait Consultants Ltd. Based on City of Toronto data and field survey, December 1991.

are a normal byproduct of these operations. Canpar needs to be buffered from land uses which may be offended by these operating characteristics.

- Contingencies

Canpar can not meet the parking needs of its own employees on its property. It leases 50 parking spaces from the Royal Canadian Yacht Club (RCYC) who occupy the adjoining lot. The company management is very aware of the uncertainties concerning East Bayfront in general, and the fact that their property is being transferred from the THC to the Toronto Economic Development Corporation (TEDCO). They would prefer to stay on this property as long as possible, and are seeking assurances from their landlord and from the City that they have long term security on this site.

Retail Sector/Consumer & Automotive Services Sector

The retail sector is summarized in Exhibit 2.4. This sector employs a total of 240 employees (60% full-time), and is comprised of 10 businesses. The largest employer, RPM Ventures, operates a nightclub facility and employs 80 persons (only 5 are full-time). Generally the firms are small in nature with 60% employing less than 25 employees. Two of the four retail/service establishments employing more than 25 are engaged in restaurant related activities (Victoria Station and RPM).

The consumer value of a high traffic location such as Lakeshore Boulevard has begun to attract commercial businesses. Automotive showroom uses (i.e., auto dealers) have taken over vacant industrial space along Lakeshore Boulevard between Parliament and Sherbourne Streets.

Office and Institutional Sectors

The office and institutional sectors in East Bayfront are summarized in Exhibits 2.5 and 2.6. The largest employer in this sector is the LCBO/LLBO. The majority of firms are small in size with most employing less than 25 employees.

The LCBO currently leases two floors in #1 Yonge Street and may decide to relocate these office functions to their Lakeshore Blvd. complex.

Exhibit 2.5

Office Sector - East Bayfront

No.	BUSINESS NAME	UNIT	STREET NUMBER	STREET NAME	EMPLOYEES		PRA CODE	ACTIVITY TYPE	PRODUCT/SERVICE
					FULL	PART			
1	B & B RESEARCH & CONSULTING	224	259	LAKE SHORE BLVD E	7	0	7 733	OFFICE	MANAGEMENT CONSULTANTS
2	BRIAN DANIELS & ASSOCIATED		259	LAKESHORE BLVD. E.	-	-	1 780	OFFICE	
3	CAROL LAWLER	113	215	LAKE SHORE BLVD E	1	0	1 755	OFFICE	BOOK PUBLISHERS
4	CITY FRONT BUSINESS CENTRE	209	215	LAKE SHORE BLVD E	2	0	2 739	OFFICE	OTHER BUSINESS SERVICES
5	ENTERTAINMENT SOURCE		259	LAKE SHORE BLVD E	-	-	-	OFFICE	
6	JOHN LINDSAY	00120	215	LAKE SHORE BLVD E	1	0	1 733	OFFICE	MANAGEMENT CONSULTANTS
7	LOCAL 58 IATSE	102	5	LOWER SHERBOURNE	3	0	3 794	OFFICE	LABOUR ASSOCIATIONS, TRADE UNIONS
8	URBACON ARCHITECTS		5	LOWER SHERBOURNE	-	-	-	OFFICE	
9	LODGE 2346 TRANS/COM UNION		259	LAKE SHORE BLVD E	-	-	-	OFFICE	
10	STAR TAX SERVICE		259	LAKE SHORE BLVD E	-	-	-	OFFICE	
11	STAR TAX SERVICE		259	LAKE SHORE BLVD E	-	-	-	OFFICE	
12	THE SMALL BUSINESS		259	LAKESHORE BLVD. E.	-	-	3 792	OFFICE	
13	WHITE DON CARLETON		259	LAKESHORE BLVD. E.	-	-	1 739	OFFICE	
Total									

Source: Stephen Chell Consultants Ltd. Based on City of Toronto data and field survey, December 1991.

Exhibit 2.6

Institutional Sector - East Bayfront

No.	BUSINESS NAME	UNIT	STREET NUMBER	STREET NAME	EMPLOYEES		PRA CODE	ACTIVITY TYPE	PRODUCT/SERVICE
					FULL	PART			
1	LIQUOR CONTROL BOARD OF ONT	216	56	LAKE SHORE BLVD E	236	0	236 783	INSTITUTIONAL	HEADQUARTERS & ADMIN.
2	LIQUOR LICENCE BOARD OF ONT		56	LAKE SHORE BLVD E	85	0	85 783	INSTITUTIONAL	HEADQUARTERS & ADMIN.
3	LIQUOR LICENCE BOARD OF ONT		43	FREELAND ST.	121	0	121 783	INSTITUTIONAL	HEADQUARTERS & ADMIN.
4	CANADA POST CORPORATION		102	QUEENS QUAY E	61	0	61 782	INSTITUTIONAL	CARRIER DEPOT
5	SALVATION ARMY		143	LAKE SHORE BLVD E	-	-	-	INSTITUTIONAL	SHELTERED WORKSHOP
6	MINISTRY OF GOVERNMENT SERV		178	QUEENS QUAY E	50	0	50 783	INSTITUTIONAL	ADMIN.
Total					553	0	553		

Source: Stephen Chell Consultants Ltd. Based on City of Toronto data and field survey, December 1991.

2.2 A Dynamic Periphery

Central Bayfront is located immediately to the west of East Bayfront, and south of the Financial District. Included in Central Bayfront are the Harbour Square and Waterpark Place developments, the World Trade Centre lands, the Toronto Star building, and land parcels owned by Avro, the Province, Metro, and the Toronto Harbour Commission.

The Central Bayfront area is the most intensely developed part of the Toronto waterfront. The resident population as of June 1990 was 1,980 persons. Upon completion of residential developments at Waterpark Place and the World Trade Centre (both of which have associated office developments), the total population is anticipated to reach 5,300 persons.

The St. Lawrence Neighbourhood is located to the north of East Bayfront. Designated as a medium density residence area, St. Lawrence is forecast to have an ultimate population of about 7,000 persons. School, day care, library, other institutional and retail uses are now in existence. Also to the north of East Bayfront are the Ataratiri redevelopment lands. The future of these lands is a topic of ongoing discussion and study.

To the east of East Bayfront is the Port Industrial District. This District comprises over 400 hectares of land, currently providing approximately 5,000 jobs. In an interim report, the Royal Commission on the Future of Toronto's Waterfront recommended the development of an environmentally conscious industrial park in the Port area, and that TEDCO be given the responsibility of managing these lands and the proposed "Centre for Green Enterprise and Industry" for job creation. TEDCO assumed its new waterfront mandate in January 1992, including responsibility for managing a portion of East Bayfront (the Canpar and RCYC leases).

The East Bayfront study area does not contain any measurable permanent population. The area has historically been industrial in nature and is void of any residential development. However, over the ten year period from 1976 to 1986 the residential population surrounding East Bayfront has increased by close to 5,500 people primarily due to new residential redevelopment. This despite City trends which show a decline in population over a similar period of over 2,000 persons. This

provides an indication of the residential vitality of the area surrounding East Bayfront, unlike other areas in the City which have a shrinking population base.

Population of Area Surrounding E. Bayfront vs. City of Toronto

Area	1976	1981	1986
C.T. 13 & 17 (1)	376	2,063	5,845
Change		1,687	3,782
City of Toronto	633,318	599,217	612,285
Change		(34,101)	13,072

(1) Census tracts 13 & 17 includes area bounded by - Front St. - Lake Ontario - York St. - Don Channel

Source: Statistics Canada Census Catalogue No. 95-163, 95-977, 95-826.

The age cohorts of the study population data indicate that this area has, in comparison to the City of Toronto, a larger portion of residents in the working age cohorts (i.e., 20-64). Conversely there are fewer retired age residents and school age children in the study area as compared to the City.

Area Surrounding East Bayfront vs. the City of Toronto

1986	C.T. 13 & 17 (1)		City of Toronto	
Age Group	#	%	#	%
0-4	335	6%	32,960	5%
5-19	775	13%	92,465	15%
20-64	4,340	74%	413,595	68%
65+	395	7%	73,265	12%
Total	5,845	100%	612,285	100%

(1) Census tracts 13 & 17 includes area bounded by - Front St. - Lake Ontario - York St. - Don Channel

Source: Statistics Canada Census Catalogue No. 95-163, 95-977, 95-826.

2.3 The Planning And Environmental Context

On June 17, 1988, Toronto City Council adopted a new Central Waterfront Official Plan (Official Plan Amendment No. 463) and accompanying zoning by-law (No. 528-88) which have not yet received final Provincial approval. In this plan East Bayfront is recognized as a viable industrial district, and is designated to remain industrial. A policy of this Plan is that the City encourage and assist the intensification of industrial uses. A maximum gross floor area of 3.0 times the lot area for properties within East Bayfront was adopted by Toronto Council as part of the Central Waterfront Plan.

The City of Toronto's approved Official Plan designates East Bayfront as an "Area of Industry", allowing for a variety of industrial and commercial uses. The existing industrial zoning permits up to a maximum density of 7.0 times the lot area for properties located east of Jarvis Street, and 12.0 times the lot area for properties located west of Jarvis Street.

The Cityplan '91 Proposals Report (June 1991) includes "New Directions for the Waterfront". The ongoing Part II Official Plan Study for East Bayfront is referenced in the report with specific mention of the important objectives that have already been identified for the area. These are:

- Create a more rational street and block pattern by realigning Queen's Quay East to the south,
- Generally designate the lands south of the realigned Queen's Quay to accommodate a continuous, linked open space system and other public uses with the exception of the Redpath Sugars refinery,
- Develop urban design guidelines consistent with adjacent development and address issues of wind, sun and views on the waterfront,
- Residential uses will only be considered on the condition that the issue of potential conflict with existing industrial uses is satisfactorily addressed, a viable neighbourhood with full community facilities can be created, and environmental problems can be fully dealt with,
- No new commercial office centres will be considered in East Bayfront except for ancillary office space to other permitted uses,
- Explore opportunities to create employment through varied types of industrial and quasi-industrial uses, especially those which might benefit from a waterfront location,
- Preserve significant aspects of the waterfront's built heritage,
- Achieve the highest environmental standards, particularly with respect to the removal of contaminated soil and appropriate flood protection.

Environmental Conditions

There are three key environmental conditions prevailing in East Bayfront: the mixed quality of the soil, the high water table, and vulnerability to flooding.

These characteristics are anticipated to result in costly remediation measures with any new development. These costs will vary with the type and amount of contamination, the proposed end use of the site, and the remediation measures required to satisfactorily deal with the contamination. Work on the Canron site has led to the identification of remediation measures that may be appropriate for dealing with that site's soil problems. Although it is possible to avoid potential soil remediation costs by reusing existing buildings, this is generally not a realistic option in East Bayfront given the few number of existing buildings, their general poor physical condition, and the difficulties of renovating these buildings for other uses. Reusing existing industrial buildings also raises questions regarding remediation of any environmental conditions within the buildings.

All of East Bayfront is reclaimed land comprising landfill material that has been occupied since then by a variety of industrial activities. Based on areas and sites with similar circumstances, including the City's Ataratiri project and the St. Lawrence Park development proposal, these characteristics are anticipated to result in costly remediation measures with any new development. Given that in most instances long term re-use of existing buildings will not be feasible, the costs of environmental remediation must be added to the cost of redeveloping properties in East Bayfront, regardless of the intended land use.

The structural properties of landfilled soil may also result in higher than average construction costs for any future development of multi-storey buildings. The landfill may not possess suitable structural characteristics to build according to conventional methods and therefore require construction premiums.

The high watertable in the Central Waterfront Area, including East Bayfront, present added challenges and costs to the engineering and construction for new development with below grade facilities such as parking garages. Such facilities will require specific design and construction premiums to address site development characteristics.

East Bayfront is within the flood zone identified in association with a storm of equal or greater magnitude to Hurricane Hazel. The Provincial Flood Plain Planning Policy Statement of 1988 uses the Hurricane Hazel experience as a base for its policies related to this area. The policy states that no development shall be permitted in flood

prone areas with the exception of development in flood zones of less than one metre within Special Policy Areas that provide the required flood-proofing measures.

East Bayfront is in a Special Study Area established in conjunction with the City of Toronto's Ataratiri redevelopment lands. Almost all of East Bayfront is in a spill zone of less than one metre and a small area just south of the Gardiner Expressway between Cherry Street and Parliament Street is within a spill zone of greater than one metre.

The extent of the present spill zones would be altered if the flood prevention measures under consideration for the Ataratiri lands were implemented. The proposed measures would eliminate flooding as an issue for development in East Bayfront. The timing of these measures has serious implications on development in East Bayfront both in terms of cost and design. If Ataratiri does not proceed or if development in East Bayfront occurs prior to the flood prevention measures being implemented, each individual project will be subject to review by the Metropolitan Toronto and Region Conservation Authority (MTRCA), and will need to comply with flood proofing measures required by the MTRCA.

Each of these environmental conditions create a degree of uncertainty for the future development of the lands in East Bayfront. The added costs and approvals are seen as obstacles to getting things done and serve as a deterrent, particularly for the future financial viability of industrial uses.

Heritage Considerations

East Bayfront was created as an industrial port area intended to meet the transportation needs of local industries at a time when shipping was the primary means of transporting raw material and goods. Although the area served in this capacity, it has evolved since that time into an area in transition facing significant changes. These changes represent the future but should not be allowed to eliminate the features of East Bayfront that represent its past. This position is repeated as an objective by the City of Toronto, Metropolitan Toronto and the Royal Commission. The specific manner of how to achieve this will need to be defined but will inevitably include consideration of retaining the existing dockwall and slips along with other important features of the area.

2.4 Diverse Objectives, Conflicting Futures

East Bayfront's original function as an industrial port has continually diminished over time and a new direction for the area is beginning to take shape. Recent significant developments in East Bayfront that indicate the market direction of the area are:

- Ship cargo changed to containerization in 1960,
- Port tonnage peaked in 1970,
- Major parcels north of Queens Quay were bought by investment companies in the mid 1970's as industries moved out,
- The last major development to occur in the East Bayfront area was the Toronto Star building in 1971,
- The sale of Canron and Canada Malting, and the option to purchase Victory Soya continues to indicate that interest in East Bayfront rests in its real estate value for non-industrial uses,
- The possible transfer of ownership of THC lands to TEDCO.

The result of these developments is an interest in the future opportunities for the area by Metropolitan Toronto, the Royal Commission, the THC, TEDCO, the landowners, and area industrialists.

- Metropolitan Toronto

The main interest of Metropolitan Toronto is the protection of the port and dockwall area. These features represent a regional resource that needs to be protected for its special characteristics and the opportunities these present for accommodating a regional transportation network that includes water transit. The approach being taken by Metropolitan Toronto is to look at East Bayfront as part of the larger port opportunities within its jurisdiction rather than to consider it as an isolated area. Given this perspective, the Metro position is to ensure the continued viability of the port activity both for current industrial users, namely Redpath Sugars, and for any possible future port related activity such as a terminal for cruise ships.

Encouraging the area to become a mixed-use community with industrial, commercial and residential activities is seen as appropriate for the future of the area. This direction will assist in establishing the area as not only a place to go but also a place to live and work. Metro's role in achieving this direction may largely be a political one with Metro's position being set out in the revised Metro Official Plan being prepared and in facilitating on-going discussions among all levels of government in order to reach

agreement on the appropriate direction for the area as well as to gain financial commitment to its realization.

- The Royal Commission

The Royal Commission on the Future of the Toronto Waterfront is continuing its work studying the direction of future development of the entire waterfront area which includes East Bayfront. The Commission's final report is expected to be released in the spring of 1992.

- The Toronto Harbour Commission

The Toronto Harbour Commission's (THC) main interest in East Bayfront is in the interface between the water and land, and any land use changes that influence or affect the use of the dockwall. The THC is looking for a proactive way of using the dockwall and interface that would encourage people to be pulled down to the water's edge of East Bayfront.

One way to bring people to the water's edge, according to THC staff, would be to develop an institutional or public use with a critical mass that would establish the area as a year round activity node. The critical mass would result from the establishment of a primary activity such as an aquarium or a water transit terminal, and related service functions and support activities.

Developing a water transit terminal is of particular interest to the THC. They believe consideration should be given to the possibilities for future water transit, cross-lake transit and cruise line activities and that appropriate measures taken to ensure such activities can be accommodated.

- TEDCO

At the present time, TEDCO and the City of Toronto are contemplating the possible transfer of ownership of MT 28 and MT 29 from the THC to TEDCO.

- SETIAO

The industrial firms in the South East Toronto Industrial Awareness Organization (SETIAO) have expressed their continued concerns with the City's industrial policies, protection of industries, and protection of industrial lands.

- Landowners

The following points illustrate some of the viewpoints formally expressed to the City by the owners of privately held parcels in the East Bayfront study area:

Trucena Properties Limited. 2 Small St. and 200 Queen's Quay East.
Desire to develop a mixed residential-commercial project, in response to City's refusal to issue a building permit for an industrial project at 7 times coverage.

St. Lawrence Park. Lakeshore Blvd. East. Desire to develop a mixed use industrial, residential and commercial project on the former Canron and Canada Malting lands and the adjoining Victory Soya lands for which it holds an option to purchase.

Avro Quay Limited. Marine Terminal 27. The owners of MT 27 object to being designated for moderate intensity, and indicate that they should be permitted high density mixed use (residential and commercial).

3. THE MARKET FOR INDUSTRIAL LANDS

The City of Toronto has historically ranked as a key objective, the importance of maintaining a strong industrial base to support a diversified economy necessary for the long term economic health of the City. Policies developed by the City of Toronto have emphasized the need for strong support of industry in order to:

- Support the City's function as a producer of industrial goods and services,
- Maintain a diversified economic and social structure within the City, and
- Retain industrial employment opportunities in areas having convenient access to neighbourhoods housing industrial workers.

In this chapter we examine the current and future industrial viability of East Bayfront. However, it is important not to do so in a vacuum. It is necessary to begin with a discussion of the macro industrial/economic viability of the region in which Toronto is an integral component, to provide a context for the City's industrial role and future viability.

3.1 The Prospects For Industrial Growth In The Toronto Area

The Greater Toronto Area (GTA) is the economic leader in Canada, dominating the national economy in many ways and providing the largest concentrated source of industrial and manufacturing output in the nation.

The contribution and importance of the Greater Toronto Area to the national economy is significant when considering the following:

- ✓ Toronto CMA's 1990 population of 3.65 million accounts for close to 14% of Canada's population with one in seven Canadians living in this region,
- ✓ Total income of \$79 billion earned in 1990 in the CMA represented more than 17% of Canada's total income,
- ✓ Per capita income in the CMA of \$21,639 in 1990 was 25% higher than the national average,
- ✓ Although one in seven Canadians live in the GTA, the region provides close to one in five jobs in Canada.

The GTA has been a major source of job creation in Canada over the last 15 years, growth of which includes:

- ✓ A 43% increase in total employment within the CMA over 1976-1990,
- ✓ Growth rates in excess of 70% were achieved in personal services, finance, insurance and real estate.

Industrial Restructuring Is Irreversibly Changing The Regional Economy

The industrial restructuring that has been on-going for several years in the GTA as a result of rising real estate costs, reduced labour supply, higher input costs, and aging/obsolete plants, has been accelerated by the Free Trade Agreement and a down-turn in economic activity within the region and nation. Large scale plant closures of hundreds of manufacturing operations have served to heighten the awareness of municipalities, labour, and business, of the need to become internationally competitive.

Over the last seven years (1983-1990) manufacturing employment has seen negligible growth with modest increases in the non-durable goods production sector, (food and beverages, printing and publishing, clothing, chemicals and paper products) and an employment loss of 5% in durable goods production sectors (transportation equipment, fabricated metal products, electrical and electronic products, machinery, plastic products and furniture).

Employment Growth Rates By Industry
Toronto C.M.A. 1976-1990

Sector	%
Community, Business and Personal Services	74.3
Finance, Insurance and Real Estate	73.4
Construction	43.0
Trade	42.1
Transportation, Communication and Utilities	32.7
Manufacturing	11.3

Source: Statistics Canada

The Free Trade Agreement (FTA) has had a significant impact on the manufacturing sector in the region. The benefits from the FTA that were to accrue as Canadian manufacturers became more competitive within the international marketplace have not yet materialized fully; due in part to the unpredicted high value of the Canadian

dollar, which has made our goods more expensive abroad and made imports more attractive domestically.

As well, foreign owned plants in the region of over 15 years of age, have been particularly susceptible to closures as tariffs have been removed. Companies are looking at rationalizing and consolidating their operations in order to take economic advantage from longer production runs and modern facilities (i.e., Caterpillar Inc. closing its Brampton plant which employed 380 workers and moving production to plants in North Carolina and Illinois).

Some economists, however, have argued that the FTA was inevitable given the economic movement towards globalization and the influence of the U.S. market on the Canadian economy. The U.S. is Canada's largest export-trade partner with bilateral trade between the U.S. and Canada in 1989 reaching \$186 billion. U.S. investment represents 70% of total investment in Canada with 430 of the 500 largest U.S. corporations having a stake in Canadian markets. Economists such as Peter Pauly of the University of Toronto argue that the benefits of the FTA have been positive and that the FTA may have in fact buffered the economy from the full affects of the worldwide recession. Benefits from the FTA have been limited by:

- The worldwide recession,
- High Canadian dollar,
- Competitive ability of Canadian industry in world markets, and
- Global industrial restructuring.

The current recession has been particularly severe for the Ontario and GTA economies. Between 1990 and 1991 total output in Ontario fell by more than 5% and a record 260,000 jobs were lost in the Province, with over 80% of this job loss occurring in the manufacturing sector. Industries that were particularly vulnerable during this recession included sectors which were susceptible to increased competition from FTA including, floor coverings, furniture, and shoes. These industries tend to be low wage industries requiring minimal formal training.

The GTA's importance economically will continue to grow despite restructuring as it remains the largest single source of manufacturing and research and development for a variety of sectors in Canada.

But the prospects for the manufacturing sector are still uncertain. Meric Gertler in a paper presented at a workshop on the state of the regional economy (published by the Royal Commission on the Future of the Toronto Waterfront, Working Paper No. 6, 1991) has examined the likely futures.

Optimistic Scenario: "The optimists tend to side with the short-term view, arguing that we are simply seeing the local results of a temporary natural downturn. According to this argument, the region's manufacturing industries will rebound as soon as interest rates fall enough to ease the cost of capital and allow the Canadian dollar to fall to a more "natural" lower level. The lower dollar will make our products cheaper and hence more attractive to foreign buyers, leading to an increase in exports. Another element of the optimists' argument is that the recent introduction of the GST serves as a boon to manufacturers, because it has the effect of reducing the cost of machinery and equipment purchases. Finally, some contend that the Free Trade Agreement (FTA) will spur an investment boom on Southern Ontario (including Toronto) as Canadian firms gear up to meet the U.S. competition and foreign firms invest here to gain a foothold in the Canada - U.S. trading bloc."

Alternative Scenario: "The alternative view (held incidentally by those across a wide range of the political spectrum) believes there is a more fundamental restructuring underway in Ontario and Toronto manufacturing, the negative consequences of which may be exacerbated by the current recession, but not ultimately caused by it. The major force at work here, of course, is the FTA and the increasing degree of global competition that it represents. According to this view, many manufacturing plants in the Toronto region have become vulnerable to increased international competition now that tariffs have been removed or reduced.

"Foreign-owned branch plants are especially vulnerable, particularly those more than 10 to 15 years old, in previous protected sectors, employing labour intensive technology to produce mature, standardized products in relatively small production runs. Canadian firms – especially those that previously enjoyed tariff protection – will also be adversely affected. Without government assistance to help them (and their workers) to adjust to the new competitive realities, many of these firms are finding it difficult to compete successfully against U.S. companies with pre-existing competitive advantages based on superior technology, quality, production costs or scale economies (the benefits of long production runs).

"In this scenario, not only will Canadian firms have a tough time cracking the highly competitive U.S. market, but they will be hard pressed to defend their own domestic market from foreign based producers. Finally, many of those

firms employing labour intensive production methods (whether foreign or Canadian-owned) will be enticed into relocating their plants in cheap labour sites such as Mexico or the Southern U.S."

Gertler and other economic strategists (i.e., Rugman and D'Cruz among them) have acknowledged that many aspects of the Toronto region make it less conducive to dynamic growth than other industrial regions of the world.

- The region's reliance on foreign-owned branch plants in many sectors has probably shifted the growth of a strong supplier base elsewhere,
- An inability to produce the right kinds of workers in sufficient numbers,
- A failure to develop strong local cooperative networks for purposes of production, supply and technological exchange, and
- Limited programming or interest by private and public sector in re-training or upgrading the skill levels of employees to meet the demands of competitive industries.

In summary, the forecast on the manufacturing sector is at best uncertain, and at worst very worrying. Given the importance of a strong manufacturing base to stimulate our economy, it is essential that more be done to secure its future prospects. It is precisely at the local level where municipal government can succeed where other levels of government often fail; to promote local awareness of the value of networking among sectors and regions, to address local capabilities and needs; and to provide mechanisms for exchange and constructive action.

3.2 The Industrial Prospects In the City Of Toronto

These impacts cited in the previous section of this report have also served to weaken Toronto's ability to achieve its objectives of maintaining a viable industrial base. In addition, the City of Toronto's industrial base has also been eroded by the trends among traditional industrial firms to relocate to larger suburban sites within or on the fringes of the GTA.

In 1950 there were 160,063 manufacturing jobs in the City of Toronto. By 1971, manufacturing employment had declined to 81,964, and by 1990 manufacturing employment declined further to 35,360. This represents a loss of close to 125,000

Exhibit 3.1

**Sample Of Plant Closures - Inner City Metro
Permanent Layoffs - 50 or More Employees
1989-1991**

Company Name	SIC	Activity	Employees Affected
Arrowhead Metals	2971	Copper Alloy Rolling, Casting	380
Ault Foods Ltd.	1099	Food Products	50
Better Blouse Co. Canada Ltd.	2331		73
Bilrite Nightengale Inc.	2641	Metal Office Furniture	82
Canadian Dressed Meats	1011	Meat Products	112
Domtar Fine Papers	2712	Newsprint	77
Holiday Knitwear	2491	Sweaters	70
Inglis Ltd.	3321	Lighting Fixtures	480
Kendall Canada Inc.	3741	Chemical Products	311
Ontario Bank Note	2821	Platemaking, Typesetting	90
PPG Canada Coating and Resin	5632	Paint, Glass Wholesaler	139
Stafford Food Ltd.	1099	Food Products	80
Star Expansion Industries	3452		36
Beckman Industrial	2851		40
Canstar Sports Group Inc.	1712	Footwear	83
Continental Can Canada Inc.	1031	Canned & Preserved Fruit	450
Peerless Carpet Corp.	1921	Carpet, Mat and Rug	155
Power Woodworking Co. Ltd.	2511	Shingle and Shake	30
Reliable Fur Dressers & Dryers Ltd.	3999	Fur Dressing and Dyeing	74
Robins, Appelby & Taub	2761		110
Toby Canada Inc.	1993	Household Products/Textiles	132
BASF Canada Inc.	3712	Industrial Organic Chemicals	59
Canadian General - Tower Ltd.	1992	Textile Dyeing and Finishing	142
Canadian Pacific Forest Products Ltd.	2732	Corrugated Box	120
CCL Custom Manufacturing	3771	Toilet Preparations	205
Central Soya Canada Ltd.	1061	Vegetable Oil Mill	65
Commander Electrical Equipment Inc.	3399	Electrical Products	23
Colorization Inc.	9619	Film/Video/Audio Services	124
Fame Furniture Co. Ltd.	2612	Upholstered Furniture Industry	50
Grace Meat Packers Ltd.	1011	Meat Products	97
Lancia Bravo Foods	1092	Dry Pasta Products	167
Norgraphics Canada Ltd.	2819	Commercial Printing Industry	62
Rockwell International Ltd.	1699	Plastic Products	191
Sklar Peppler Furniture Corp	2612	Upholstered Furniture Industry	55
Toby Canada Inc.	1993	Household Products/Textiles	132
			4,546

Source: Ontario Ministry of Labour.

manufacturing jobs between 1950 and 1990 (over 4,000 jobs per year between 1950-1990).

In the last three years there have been over 8,300 industrial and related industrial jobs lost in Metropolitan Toronto. Exhibit 3.1 provides a sample of the closures and permanent layoffs in the inner city area of Metro Toronto between 1989-1991. In the past three years 21% of the significant permanent layoffs (involving 50 or more employees) within the Province have occurred in Metro.

Sample of Plant Closures - Total Metro Toronto
Permanent Layoffs - 50 or More Employees

Year	Area	Employees Affected	As % of Ontario
1989	Metropolitan Toronto	3,047	31%
	Ontario	9,705	
1990	Metropolitan Toronto	2,862	19%
	Ontario	15,339	
1991	Metropolitan Toronto	2,415	17%
	Ontario	11,184	

Source: Ministry of Labour. Report On Permanent & Indefinite Layoffs In Ontario

Not only is the City of Toronto losing manufacturing employment, it is also witnessing the declining viability of existing industrial areas to continue to accommodate manufacturing and other traditional forms of industrial development. The City has recognized the changing locational requirements of industry. In recent Cityplan '91 background reports the following market trends have been noted:

- The need for single storey (vs. multi-storey) industrial buildings,
- The importance of proximity to major highways and airports,
- The need for large sites to accommodate truck loading and parking,
- The desire of industry to be close to a growing suburban labour pool,
- The desire for new production/operating facilities with the requisite amenities, and
- The need for additional land to expand operational facilities.

The rising price of industrial land combined with the attractiveness of a Metro location for businesses seeking to be within a major market, have contributed to innovations

within real estate development and location strategies which favour suburban "green field" sites.

Real estate developers have adapted to the changing market by catering to a wider market and by creating new products which can command higher prices, including:

- Emphasis on light industry and multi-tenant buildings,
- Targeting user groups such as showroom users, graphic arts, data processing, engineering, distribution functions, retail warehouses, research centres, studios, etc.,
- Development of business parks and corporate parks, offering prestigious settings, and amenities.

These contemporary forms of industrial real estate products possess characteristics which are more commonly found in commercial real estate developments, and are attractive to industrial businesses which are attracted by and dependent on these quasi-commercial operating amenities.

The Effects Of Competitive Land Markets On Industrial Investment

The Metropolitan Toronto Economic Development Division in recent studies of industrial relocation have acknowledged that industrial firms particularly those with large capital investments in a plant, will relocate primarily if the current site is unsuitable for their operations or impinges on the firm's ability to compete. Rarely is the decision rooted solely in "cashing in" on the speculative value of the property. Land values however may contribute to a plant's early closure if the industrial site is marginally competitive.

The availability of competitively priced industrial sites coupled with lower property taxes elsewhere in the GTA also serve to reduce the viability of industrial sites within the City of Toronto. It is not realistic nor purposeful to examine the industrial land market and its effects on the prospects for growth and reinvestment in terms of only the City of Toronto. The locational and investment decisions of industry require that the City of Toronto be compared with sites and opportunities throughout the Metro area and across the GTA.

Exhibit 3.2

**Vacant Industrial Land Inventory
Greater Toronto Area - 1991**

Area	Vacant Industrial Land (Acres)		Projected 5-Year Avg. Annual Absorption	
	Serviced	Unserviced	Acres	%
Etobicoke	470	0	10	2.1%
North York	150	0	10	6.7%
East York	30	0	0	0.0%
Scarborough	950	968	63	6.6%
Mississauga	1,990	8,542	494	24.6%
Oakville	1,091	610	75	6.9%
Burlington	1,200	450	75	6.3%
Brampton	725	2,939	200	27.6%
Milton	107	900	59	55.1%
Markham	1,259	413	153	12.2%
Vaughan	2,249	5,091	221	9.6%
Richmond Hill	836	735	45	5.4%
Aurora	429	20	48	11.2%
Newmarket	437	123	69	15.8%
Lakeshore-Durham Region	1,656	4,647	200	12.1%
Total	13,579	25,438	1,722	12.7%

Source: Toronto Real Estate Board - Insight 1991.

Exhibit 3.3

**Available Industrial Space
Greater Toronto Area (1990)**

Area	Sq.Ft. as of April/1991		Vacancy Rate
	Available	Total Inventory	
Toronto	4,480,000	39,070,000	12%
Etobicoke	10,500,000	97,960,000	11%
North York	9,350,000	99,160,000	9%
East York	1,330,000	15,290,000	7%
York	740,000	13,490,000	5%
Scarborough	6,280,000	61,160,000	10%
Total Metro Toronto	32,680,000	326,130,000	10%
Mississauga	15,900,000	135,940,000	12%
Brampton	7,950,000	54,880,000	15%
Oakville	3,270,000	26,110,000	13%
Burlington	2,540,000	20,210,000	13%
Milton	710,000	2,960,000	24%
Vaughan	6,710,000	58,480,000	12%
Richmond Hill	2,280,000	13,010,000	18%
Markham	3,500,000	27,120,000	13%
Aurora	500,000	5,370,000	9%
Newmarket	1,450,000	6,630,000	22%
Pickering	1,130,000	8,990,000	13%
Ajax	870,000	7,970,000	11%
Whitby	450,000	4,380,000	10%
Oshawa	560,000	15,720,000	4%
Total Outside Metro	47,820,000	393,770,000	12%

Source: Royal LePage 1991.

In the Greater Toronto Area alone there are currently over 13,500 acres of vacant serviced industrial land and over 25,000 acres of vacant unserviced industrial land. This represents a significant supply of industrial land for new or relocating industrial operations. Assuming the five year average annual absorption rate¹ of 1,725 acres, the current supply represents an 8 year supply of serviced industrial land.

Combined with unserviced industrial land and assuming annual absorption of 1,725 acres there is currently a 22 year supply of industrial land. The 1,725 acre absorption over the last five years most likely represents a high scenario given the generally favourable economic conditions that prevailed during this period. Assuming a lower industrial land absorption of 1,500 there is currently a 25-year supply of industrial land (both serviced and unserviced).

Supply/Demand of Industrial Space In The City of Toronto

In the background report for Cityplan '91, Future of City Industry Study, it was estimated that there is potential demand for between 7.8 - 9.4 million square feet of industrial space over the 1991-2011 period. This is based on an industrial employment forecast of 15,705, an assumed floor space to worker ratio of 500 sq. ft./employee, a 10% vacancy ratio, plus/minus a 10% contingency. The forecast of 15,705 new employees consists of:

- 9,620 city oriented industrial positions (major employment sectors include: fashion, film/video/audio, radio/t.v. stations, publishing and newspaper business), and
- 6,085 industrial service positions (major employment sectors include photo/graphic, data processing, printing and other media).

There is estimated to be a potential supply of 17.0 million square feet of industrial space in the City of Toronto to meet the demand forecast to the year 2011. This supply is based on:

- Industrial space currently under construction or in the planning process (i.e., King Business Centre),
- Vacant sites which do not have above ground parking structures,

¹An optimistic rate of growth.

- Sites with non-economic use under 1 times coverage,
- Buildings that have been renovated but which presently contain marginal economic uses.

In addition, areas that were not included in the calculation of the 17 million square feet of industrial space include:

- Areas currently under study by the Planning Department including Fleet Street and East Bayfront,
- The Port Industrial District,
- Space occupied by traditional manufacturing plants since space for these industries is often purpose built making it difficult to renovate for alternative industrial uses, and
- Sites that have an application for a redesignation from industrial to other uses.

Over the 1991-2001 period the Cityplan '91 background report Future of City Industry Study projects demand for 3.8 to 4.5 million square feet of industrial space. This is equivalent to an annual absorption of 415,000 square feet, which is similar to the current five year average annual absorption of industrial space in the City of Toronto.

Assuming that half of the 1,000 acre Port Industrial District is redeveloped over the next 20 years at densities of 0.5 to 1.0 times coverage, there is a potential for an additional supply of 10.0 million to 20.0 million square feet of industrial space.

There is also a considerable amount of vacant industrial space available in the GTA. Within Metro alone there are over 32.0 million square feet of available industrial space. In areas outside of Metro where industrial facilities are generally more modern, there are close to 47.0 million square feet of industrial space available. Vacancy rates have predictably increased since 1986 particularly in areas outside of Metro Toronto, where the vacancy rate has increased from 4.0% in 1986 to 12.0% in 1991. Within Metro Toronto the vacancy rate has increased from 4.6% in 1986 to 10.0% in 1991. As vacancy rates increase there will be increased competition to fill empty industrial buildings reducing lease rates in the industrial marketplace.

The dynamics affecting land values in suburban areas differ somewhat from the factors that affect land values in mature urban areas. For example, speculation in industrial land, particularly in cases where there is anticipation of a rezoning to higher value uses (i.e., residential, office-commercial), will alter real land values to a greater degree in mature urban areas where there may be a significant quantity of underutilized or idle industrial land.

Discussions with realtors have indicated that land values in the Port Industrial District could range from \$500,000-\$1,000,000/acre. The following table provides for comparison purposes, land values throughout the GTA.

1991 Industrial Land Prices
Metropolitan Toronto And Selected Areas

Municipality	Location	Land Value (\$/acre)
Toronto	Port Industrial District	\$500,000-\$1,000,000
Scarborough	Hwy 401/Midland	\$450,000-\$700,000
North York	Hwy 400/Hwy 401	\$450,000-\$650,000
Etobicoke	Hwy 409/Hwy 27	\$400,000-\$600,000
Markham	Steeles/Hwy 404	\$450,000-\$700,000
Vaughan	Hwy 400/Steeles Ave.	\$375,000-\$500,000
Aurora	Yonge St./C.N.R.	\$250,000-\$300,000
Mississauga	Hwy 401/Hwy 403	\$375,000-\$525,000
Pickering	Hwy 401/Brock Rd.	\$325,000-\$375,000
Oshawa	Hwy 401/Park Rd.	\$225,000-\$275,000

Source: Toronto Real Estate Board - Insight 1991.

Realtors have also indicated that the speculative value of lands in East Bayfront (if commercial or residential are permitted) could be in excess of \$2.0 million/acre, a value that would seriously constrain the financial viability of industrial investment or redevelopment. Landowners will invariably calculate the value of their land based on its potential for redesignation for higher value uses. It is this speculation or anticipation of higher land values that contribute to reducing the economic viability of industrial land development in an area like East Bayfront.

The Metropolitan Toronto Economic Development Division in its study on industrial restructuring in Metro, recognized the importance of making industrial land more affordable for industry. In the report there was a recognition that blanket policy statements prohibiting rezonings will not guarantee that this speculative value is eliminated as investors have a longer investment time horizon, and can wait-out

municipal policies. The result is that industrial lands remain under-utilized or idle as is the case in East Bayfront.

While high property taxes alone will not deter a company from relocating or investing in an area, when coupled with higher land values it will add to the overall attractiveness or disincentive for potential investment in a community or area. High taxes is one of the problems frequently cited by firms, realtors, and developers as a threat to the continued viability of an industrial area.

- Toronto's average industrial tax is 76%-83% higher than Mississauga's. East Bayfront taxes are higher than the Toronto average due to its close proximity to the financial core area (higher assessed values), and the higher cost of building construction (due to the need for additional foundation support required for building on lakefill).
- Re-assessment of some industrial properties in Toronto and the perceived superior image of suburban communities as a location for industrial development has weakened Toronto's competitive position.
- It is encouraging to note that taxes in Metro are generally increasing at a slower rate than in the suburban areas, although the disparity is still significant.

Industrial Realty Taxes

Ranked from High to Low	Year					'85 - '90	'89 - '90
	1986	1987	1988	1989	1990	Increase	Increase
Toronto	\$1.17	\$1.23	\$1.27	\$1.41	\$1.53	31%	9%
Scarborough	\$1.25	\$1.31	\$1.36	\$1.42	\$1.55	25%	9%
East York	\$1.13	\$1.19	\$1.24	\$1.41	\$1.54	36%	9%
Etobicoke	\$1.16	\$1.22	\$1.26	\$1.41	\$1.54	33%	9%
York	\$1.10	\$1.16	\$1.21	\$1.34	\$1.45	32%	8%
North York	\$1.12	\$1.10	\$1.14	\$1.29	\$1.39	24%	8%
Mississauga	\$0.64	\$0.67	\$0.71	\$0.77	\$0.87	36%	13%
Vaughan	\$0.60	\$0.63	\$0.69	\$0.80	\$0.87	45%	9%
Markham	\$0.58	\$0.61	\$0.66	\$0.77	\$0.85	47%	10%
Pickering	\$0.58	\$0.61	\$0.66	\$0.73	\$0.83	43%	14%

Source: Toronto Real Estate Board, Insight Publications, and Royal LePage

3.3 The Role Of Downtown And Waterfront Industrial Areas

The expansion of Toronto's Central Area, rising land costs and the availability of more competitive and attractive suburban industrial sites have spurred the creation of new industrial concepts to ensure the viability of contemporary forms of industrial development in the downtown and waterfront areas. In addition, the definition of

industrial land uses has changed. Multi-storey industrial sites such as the King Business Centre and the fashion centres are part of the emerging new forms of industrial development that are evolving to make an inner city area like East Bayfront a competitive alternative for city oriented industries.

New Development Concepts Are Emerging

The traditional manufacturing sector (i.e., food processing, textiles/leather, metal products, chemicals, machinery and equipment) as previously noted has been in decline over the past 30 years (i.e., manufacturing employment: 1950 - 160,000; 1990 - 35,360). Since 1983 as many as 10,000 manufacturing jobs have been lost with the closure of operations such as Molson's, Rowntree Macintosh, Inglis, Maple Leaf Mills and Stelco. However since the 1980's overall industrial employment has remained relatively stable with total employment around 95,000. Between 1983 and 1988 there was a net increase in industrial employment of 3,900 jobs. During the same time period the traditional manufacturing sector declined by 7,700 jobs.

The loss of traditional manufacturing jobs has been replaced with the growth in the non-manufacturing sector (i.e., photo/graphics, data processing, film/video/audio, radio/t.v. stations, publishing, software, business equipment). A significant portion of the total Metro Toronto employment in these sectors is located within the City.

1988 City of Toronto Industrial Employment

Sector	City of Toronto as % total Metro
Newspaper Publishing	89.7%
All Media	64.0%-85.0%
Photo & Graphics	65.0%
Clothing	55.7%
Storage	48.9%
Data Processing	48.7%
Other Publishing	46.6%

Source: Cityplan '91 - Industrial Land Use Policy in Toronto

Future growth in industrial employment is projected to come from non-traditional industrial sources. The Cityplan '91 background report Future of City Industry Study forecasts an increase of 15,705 jobs in non-traditional employment (i.e., photographic, data processing, publishing, fashion) between 1991-2001. Employment in the traditional manufacturing sector is projected to decline by over 6,100 jobs during the same period.

The Port Functions Are Being Consolidated Elsewhere

The waterfront industrial areas, focusing primarily on the Port Industrial District, have undergone similar industrial structural change. The Royal Commission on the Future of Toronto Waterfront sponsored report, Urban Waterfront Industry, acknowledges that the Port Industrial District has never achieved the success first envisioned by the Toronto Harbour Commission when the Port area was created as the focal point of its 1912 plan. Though cargo tonnage increased in the Port area between 1930 and 1950 the anticipated matching growth of industrial activity in the area never materialized. Though port activity increased with the opening of the St. Lawrence Seaway in 1959, industrial growth in the area remained unaffected.

The 1970's and 1980's witnessed a further decline in industrial use in the Port area with industrial land remaining underutilized, dominated by activities such as storage (salt and petroleum) and truck parking, none of which creates many jobs. The Port area has been estimated to have the potential to support as many as 60,000 jobs yet in 1988 total employment in the Port area was as low as 9,700 jobs comprised of 27% manufacturing oriented employment and 47% office type employment.

The Royal Commission report concluded that a new employment policy focus was required to invigorate industrial activity in the Port area. Though earlier in the century industries were required to locate close to port facilities in order to reduce transportation costs for input supplies and shipping finished products, improvements in transportation technology have removed the primary competitive advantage of a waterfront location. One of the recommendations of the Royal Commission report was to establish the Port area as a centre for the "green" or environmentally sensitive industries.

The environmental sector is viewed as a growth sector bolstered by current climate of environmental consumerism, and the growing positive awareness and acceptance of environmental principles. The considerable problems associated with locating other less environmentally friendly industries on the waterfront were also cited as further justification for the Port area to become the centre for environmentally sensitive industries. These problems include:

- Opposition from community groups who are already concerned about the current state of the waterfront,

- Existing contamination of lakefilled lands will add to costs of industries requiring new buildings,
- Concerns of air and noise pollution of industries may preclude some industries from a waterfront or inner city location,
- Location of part of the Port Industrial District in a flood plain.

3.4 Potential Roles Of East Bayfront As An Employment Area

Lower land costs and property taxes are particularly attractive to large capital intensive firms who cannot easily relocate and require large amounts of land both for operational purposes and for future expansion purposes. Companies operating at low profit margins such as distributors and warehouse operations also seek cost minimizing sites. Both these groups are better served by less expensive suburban locations as opposed to high value urban centre sites. Companies seeking a high profile 'name-site' would also find more suitable sites in suburban locations which can provide preferable campus type or business park facilities with specific standards for open landscaped space, outside storage and parking to building ratios.

Given these land market conditions, it is important at this stage to identify the type of industries and the factors that will attract industry to the unique features of an inner city site such as East Bayfront.

Strengths And Weaknesses

Factors that may influence an industrial firm's decision to operate within an inner city industrial site location include:

- The need to locate close to City customers/clients will add to the desirability of sites within the City.
- The need to be in close proximity to suppliers located in the City. The clustering of activity within a sector is evident in the financial services, fashion and some high technology sectors, and is a catalyst for expansion of industrial activity within an area.
- The need for marine transport accessibility for movement of production supplies or finished goods will improve the feasibility of a waterfront industrial site.



- The need for a site to be accessible to major transportation networks to serve both the market area particularly within the City and to provide accessibility for supplies.
- The need for outside storage. As the need for outside storage increases the firm is less likely to find a suitable inner city location, where higher land and performance standards may preclude such use.
- The need for a purpose built site. These are more difficult to locate within city locations as opposed to "green field sites" where there are no potential demolition costs and soil remediation costs. As well, land costs differentials between City and suburban sites may make this special type of development less feasible in a City location.
- The suitability of occupancy in a multi-storey facility improves the economic feasibility of a City location for an industrial operation.
- Compatibility with other industry. Given that it would be more difficult to buffer incompatible industries within a City location due to physical land and cost constraints, location within the City almost requires that the industrial process must be compatible with other industrial operations.
- Compatibility with residential and commercial uses. More site and cost options are available to a firm whose industrial process is compatible with other uses thereby increasing the viability of a City location.
- The ability to pay a premium for space requirements. A firm's willingness to pay a premium for industrial space it requires will also increase the viability or the competitiveness of a City location for industry.

Possible Infrastructure Changes Will Strongly Influence Future Potential

Suburban style industrial development is unlikely to be accommodated in East Bayfront. The design of new roads, the tighter urban street grid envisioned, and the importance of accommodating public use and enjoyment of the water's edge point to a future East Bayfront best suited to more urban employment uses.

The City of Toronto and the Royal Commission both favour restructuring East Bayfront by introducing a finer street grid system than presently exists. Part of this restructuring is the possible realignment of Queens Quay south to parallel the railway lines from Lower Jarvis Street to the east end of East Bayfront. This change would allow for a more standard development block pattern north of Queens Quay and the provision of a park along the water's edge between Lower Jarvis Street and Parliament Street.

Industrial Locational Criteria

Industry	City Markets	City Suppliers	Rail Access	Road Access	Marine Transport	Require Outdoor Storage	Require Purpose Built Space	Multi-Storey Occupancy	Compatible With Other Industry	Compatible With Res/Comm Uses	Will Pay Premium For Ind. Space
Manufacturing:											
Food Processing	0	0	0	0	0	0	0	0	0	0	0
Textiles/Lather	0	0	0	0	0	0	0	0	0	0	0
Metal Products	0	0	0	0	0	0	0	0	0	0	0
Chemicals	0	0	0	0	0	0	0	0	0	0	0
Clothing	0	0	0	0	0	0	0	0	0	0	0
Furniture/Fixtures	0	0	0	0	0	0	0	0	0	0	0
Machinery & Equipment	0	0	0	0	0	0	0	0	0	0	0
Electrical Equipment	0	0	0	0	0	0	0	0	0	0	0
Warehouse & Storage	0	0	0	0	0	0	0	0	0	0	0
Rubber/Plastic Products	0	0	0	0	0	0	0	0	0	0	0
Paper & Allied Products	0	0	0	0	0	0	0	0	0	0	0
Printing	0	0	0	0	0	0	0	0	0	0	0
Service Industries:											
Film/Video/Audio	0	0	0	0	0	0	0	0	0	0	0
Radio/TV Stations	0	0	0	0	0	0	0	0	0	0	0
Newspaper Publishing	0	0	0	0	0	0	0	0	0	0	0
Other Publishing	0	0	0	0	0	0	0	0	0	0	0
Copiers	0	0	0	0	0	0	0	0	0	0	0
Software	0	0	0	0	0	0	0	0	0	0	0
Photo & Graphics	0	0	0	0	0	0	0	0	0	0	0
Auto Repair Service	0	0	0	0	0	0	0	0	0	0	0
Car Dealerships	0	0	0	0	0	0	0	0	0	0	0
Car/Truck Rentals	0	0	0	0	0	0	0	0	0	0	0
Wholesalers	0	0	0	0	0	0	0	0	0	0	0
Lumber Yard	0	0	0	0	0	0	0	0	0	0	0
Recycling/Green Industries:											
Pollution Abatement	0	0	0	0	0	0	0	0	0	0	0
Recycling	0	0	0	0	0	0	0	0	0	0	0
Recreational Boat Building & Repairs	0	0	0	0	0	0	0	0	0	0	0
Marine Related Retailers	0	0	0	0	0	0	0	0	0	0	0
Biomedical Supplies	0	0	0	0	0	0	0	0	0	0	0
Construction Technology	0	0	0	0	0	0	0	0	0	0	0
Port Activities:											
Passenger Ship Terminal	0	0	transit	0	0	0	0	0	0	0	0
Teleport	0	0	transit	0	0	0	0	0	0	0	0
Ferry Terminal	0	0	transit	0	0	0	0	0	0	0	0

● Positive linkage

0 Some linkage

- No/negative linkage

The proposed restructuring of East Bayfront eliminates the opportunity for land extensive uses to locate in the area. The finer street grid is an urban form that favours an urban mixed use community being established and will serve to help East Bayfront being brought back into the City both perceptually and physically. The new grid system will ultimately dictate future development in East Bayfront.

Decisions regarding the possible restructuring of East Bayfront and the future of the Gardiner Expressway add to the area's uncertainty and hence impede development. It is imperative that decisions regarding these issues along with those related to the extension of the LRT and the integration of the rail lines still being used into the future restructuring of the area, be made quickly in order to remove the uncertainty they create.

Potential Employment Sectors

For this analysis, business and employment creation opportunities have been segmented according to the locational criteria first presented in the "strengths and weaknesses" section of this chapter (see pages 31 and 32). Based on the results of the analysis (shown in Exhibit 3.4), the characteristics of East Bayfront appear to be best suited for service oriented industries and "green" industries, as opposed to traditional manufacturers.

Sectors judged to be the most compatible with an East Bayfront location include businesses which; can locate in multi-storey facilities thereby taking advantage of economies of scale, are compatible with both other industrial uses as well as commercial and residential uses, do not require outdoor storage space, have a strong customer base within the City that could restrict their location decision to a site within the City, and can pay a premium for a City location because of the market demands of their business.

Sectors identified as being most compatible with an industrial site location in the City such as in East Bayfront include: film/video/audio, radio and television media, couriers, software developers, data processing, photography and graphics, fashion, and printing industries.

East Bayfront Industrial Land Residual Analysis Summary

Pro Forma Number	Development Type	Site Area (Acres)	Density	Floor Plate (sq.ft.)	Gross Floor Area (sq.ft.)	Description of Development				Residual Land Analysis			Land Financing		Net Profit (Loss) (1)-(2)
						Type	Description	# of Spaces	Number of Floors	Residual Land Value (\$ (1))	Assumed Land Value (\$/Acre)	Assumed Land Value (\$Total)	Land Financing 3 Years*	Land Value + Financing (2)	
1	Single Storey Industrial (No Soil Remediation)	2.00	0.75	65,000	65,340	Surface	On-Site	30	1	\$221,296	\$600,000	\$1,200,000	\$261,900	\$1,461,900	(\$1,240,604)
1a	Single Storey Industrial (With Soil Remediation/Demo)**	2.00	0.75	65,000	65,340	Surface	On-Site	30	1	(\$406,262)	\$600,000	\$1,200,000	\$261,900	\$1,461,900	(\$1,868,162)
2	Multi-Storey Industrial Breakdown Analysis (No Soil Remediation)	2.00	3.00	40,000	261,360	Surface	On-Site	121	7	\$6,232,453	\$2,557,000 (Breakdown Value)	\$5,114,000	\$1,116,131	\$6,230,131	\$2,323
2a	Multi-Storey Industrial Breakdown Analysis (With Soil Remediation/Demo)**	2.00	3.00	40,000	261,360	Surface	On-Site	121	7	\$5,583,615	\$2,290,000 (Breakdown Value)	\$4,580,000	\$999,585	\$5,579,585	\$4,030
3	Multi-Storey Industrial (No Soil Remediation)	2.00	3.00	40,000	261,360	Surface	On-Site	121	7	\$6,232,453	\$2,000,000	\$4,000,000	\$873,000	\$4,873,000	\$1,359,455
3a	Multi-Storey Industrial (With Soil Remediation/Demo)**	2.00	3.00	40,000	261,360	Surface	On-Site	121	7	\$5,583,615	\$2,000,000	\$4,000,000	\$873,000	\$4,873,000	\$710,615
4	Multi Storey Industrial Limited Building Height (No Soil Remediation)	2.00	3.00	65,000	261,360	Structure	Off-Site Cash-In-Lieu	121	4	\$5,829,304	\$2,000,000	\$4,000,000	\$873,000	\$4,873,000	\$956,304
4a	Multi Storey Industrial Limited Building Height (With Soil Remediation/Demo)**	2.00	3.00	65,000	261,360	Structure	Off-Site Cash-In-Lieu	121	4	\$5,180,465	\$2,000,000	\$4,000,000	\$873,000	\$4,873,000	\$307,465

Source: Stephen Chait Consultants Ltd.

** Assuming 75% of land cost is financed at interest rate of 8.5% compounded semi annually.

** Assuming soil remediation and demolition costs of \$250,000/acre.

It must also be acknowledged that other inner city industrial areas are also competing for these and similar businesses. As referred to earlier in this chapter, the supply of industrial land far exceeds the demand as forecast for at least the next 20 years. In addition to East Bayfront there are at least 18 other industrial areas within the City of Toronto and the other inner city Metro municipalities. Industrial areas within the City of Toronto include: the Port Industrial District (1,000 acres), Stockyards District (246 acres), South of Eastern Avenue (189 acres), Central West (183 acres), King-Spadina (116 acres), South West (Sterling Ave. 115 acres), Dupont East (91 acres), West Don (66 acres), Main-Gerrard (48 acres), Fleet Street (47 acres), Queen-River (38 acres), Niagara (37 acres), Stelco (35 acres), Colgate (31 acres), King-Parliament (30 acres), Massey West (30 acres), and Leslie Street-Eastern Avenue (12 acres), South Etobicoke (800+ acres).

Pro Forma Analysis – The Financial Test

A series of financial pro formas have been developed to provide an understanding of the financial feasibility for industrial development in East Bayfront. In order to provide a reasonable test of the feasibility of industrial development, several scenarios of various magnitudes were analyzed and are presented in detail in Appendix A. A summary of the pro forma case studies and analysis is presented in Exhibits 3.5 and 3.6. The case studies are identified by the development type (i.e., Multi-Storey Industrial), and site or lot description (i.e., site area and density of development). Each of the case studies are presented in five sections including: building description, cost and revenue assumptions, project revenues, project costs, and residual land value. Major cost and revenue assumptions include:

Revenue/Cost Assumptions – Pro Forma Analysis

Assumption	Single Storey Industrial	Multi-Storey Industrial	Residential
<u>Revenues:</u>			
Gross Lease Rate (\$/sq. ft.)	\$5.50	\$16.00	\$190.00
Tenant Inducements (\$/sq. ft.)	nil	\$32.00	n.a.
Capitalization Rate	8%	8%	n.a.
Vacancy Rate	nil	nil	nil
Number of units	n.a.	n.a.	124
<u>Hard Costs:</u>			
(see next page)			

Exhibit 3.8

East Bayfront Mixed Employment Residential Land Residual Analysis Summary

Pro Forma Number	Development Type	Site Area (Acres)	Density	Floor Plate (sq.ft.)	Gross Floor Area (sq.ft.)	Description of Development			Residual Land Analysis			Land Financing 3 Years*	Land Financing Land Value + Financing (2)	Net Profit (Loss) (1)-(2)
						Description	Parking Type	# of Spaces	Residual Land Value (\$)(1)	Assumed Land Value (\$/Acre)	Assumed Land Value (\$Total)			
5	Mixed Use Employment Residential Two Buildings (No Soil Remediation)	2.00	3.00	20,000	261,360	On-Site	Surface Underground	128 64	\$5,634,870	\$2,000,000	\$4,000,000	\$873,000	\$4,873,000	\$781,870
5a.	Mixed Use Employment Residential Two Buildings (With Soil Remediation/Demo)**	2.00	3.00	20,000	261,360	On-Site	Surface Underground	128 64	\$4,996,672	\$2,000,000	\$4,000,000	\$873,000	\$4,873,000	\$123,672

Source: Stephen Chait Consultants Ltd.

*Assuming 75% of land cost is financed at interest rate of 9.8% compounded semi annually.

** Assuming soil remediation and demolition costs of \$250,000/acre.

Revenue/Cost Assumptions - Pro Forma Analysis, cont'd

Assumption	Single Storey Industrial	Multi-Storey Industrial	Residential
Hard Costs:			
Building (\$/sq. ft.)	\$35.00	\$75.00	\$90.00
Elevators (Per Elevator)	n.a.	\$100,000	\$100,000
Landscaping (Per Linear Ft.)	\$610	\$610	\$500/unit
Servicing (Per Building)	\$10,000	\$10,000	\$10,000
Parking: surface	\$2,000	\$2,000	\$2,000
underground	n.a.	n.a.	\$25,000
Soft Costs			
Architecture and Engineering		5% of Hard Costs	
Legal Fees		1% of Hard Costs	
Contingency		5% of Hard Costs	
Construction Management		5% of Hard Costs	
City of Toronto Development Charges:			
Building Permits		1% of Hard Costs	
Sewage Impost Fee		\$10.70 per sq. ft.	
Parks Levy		2.7% of Land Value	5.0% of Land Value

Definition Of Financial Terms

Pro Forma:

A draft financial statement for the development of a new building, showing estimated revenues and expenses, and how various costs and income can be defined so as to give a true financial picture of the new building's financial condition.

Residual Analysis:

The affects of different input costs and revenues were tested using a land residual pro forma model. This model derives the residual value of land for a development using the following formula:

$$\text{Residual Land Value} = \text{Project Revenues} - \text{Project Costs}$$

Capitalization Rate:

One useful way of measuring the profitability of a new development project is to calculate profits as a per cent of invested capital. This shows how well management is using the resources of the company.

Tenant Inducements:

The building owner may choose to offer prospective tenants with an incentive to sign a lease. The inducement/incentive is typically a cash allowance which may be used for finishing the space to be occupied by the tenant, or as a discount on rent charged (i.e., free rent).

Pro Forma #1. Single Storey Industrial

This pro forma assumes a single storey building typical of suburban industrial parks. The low density provision allows for parking to be accommodated on-site. Facilities are assumed to be of lower quality than the multi-storey industrial buildings lacking for example high quality common space (i.e., lobbies, washrooms) which can raise lease rates. Lease rates are more in line with industrial condominium facilities. At an assumed land value of \$600,000 per acre, this development lacks financial viability.

Pro Forma #2. 7-Storey Industrial (break-even analysis)

This pro forma assumes a structure similar to Pro Forma #1. This scenario derives the break-even land value with financing for this type of structure and development characteristics (i.e., large floor plate of 40,000 sq. ft., 7-stories, on-site parking). This development scenario with soil remediation and building demolition could support an estimated land value of \$2.29 million/acre.

Pro Forma #3. 7-Storey Industrial

This pro forma models a seven storey industrial building typical of a King Business Centre type development with space suited for quasi industrial uses such as data processing and graphic arts. This type of space is generally of a higher quality than traditional industrial space and would command premium industrial rents (i.e., gross rents of \$16.00/sq. ft.). The floor plate of 40,000 sq. ft. would allow for adequate on-site surface parking. Assuming land values of \$2,000,000 and land financing costs of \$436,500 an acre, this development would be economically viable in East Bayfront even with a contingency for soil remediation and demolition of an existing structure. This is generally the result of the premium industrial rents which could be justified for a development of this quality.

Pro Forma #4. 4-Storey Industrial

This pro forma assumes a similar quality industrial facility designed for quasi industrial uses. In this scenario the floor plate has been increased to 65,000 sq. ft. reducing the building height to a 4-storey structure. Parking is assumed to be accommodated off-site and a cash-in-lieu of parking charge has been added to the development costs as per City of Toronto parking guidelines to construct a structured parking garage. Assuming land values of \$2,000,000 and associated land financing costs, this scenario would be economically viable, although with an added soil remediation and demolition charge this development approaches the project break-even level.

Pro Forma #5. 124 Unit Residential Building & 7-Storey Industrial Building

This pro forma assumes a mixed use 2.0 acre site comprising a 7-storey condominium apartment building, and a 7-storey building designed for quasi industrial uses. Parking is assumed to be accommodated on-site in a combination of underground and surface types. Assuming land values of \$2,000,000 and associated land financing costs, this scenario would be economically viable, although with an added soil remediation and demolition charge this development approaches the project break-even level.

In summary, the pro formas and the supply-demand analyses have demonstrated that:

- The traditional industrial uses and single storey buildings lack financial viability,
- Multi-storey industrial buildings with space suited for quasi industrial uses command premium industrial rents and are economically viable in East Bayfront,
- Quasi industrial uses are service-oriented activities (such as data processing functions) and include graphic arts and other studio style uses (e.g. architects, advertising agencies, etc.) which characteristically require office-like space rather than traditional industrial space,
- East Bayfront has the ability to serve as a location for these contemporary forms of industrial activity given its downtown and waterfront location, amenities, and its ability to be redeveloped as a contemporary employment district, and
- Supply of industrial lands in the GTA and inner city areas greatly exceeds forecast demand.

Industrial Development Potential Can Be Accommodated Within Mixed Use Future

The results of the preceding analyses indicate that industrial redevelopment of East Bayfront is likely to be a slow process, and long term demand is unlikely to be large enough to justify the retention of all of these lands for industrial or related employment uses. It is therefore relevant and necessary to consider the implications of potentially planning for the revitalization of East Bayfront within a mixed-use development framework.

To achieve a mixed use scenario, industrial uses will need to be combined with commercial, residential, or institutional uses; or a combination of these activities. The City has clearly stated that no new commercial office centres will be considered in East Bayfront except for ancillary office space to other permitted uses. It is also realistic to assume that although there may be some institutional uses in East Bayfront, there does not appear to be a demand to establish a new civic or public facility focus for Toronto of the scale required to account for the total amount of developable land (refer to Exhibit 3.7). Therefore, residential uses remain as the

main higher order activity that can be considered in conjunction with the industrial uses for the future development of East Bayfront.

In the "New Directions for the Waterfront" contained in the Cityplan '91 Proposals Report (June 1991), the City has established that residential uses will be considered on the condition that the issue of potential conflict with existing industrial uses is satisfactorily addressed, a viable neighbourhood with full community facilities can be created, and environmental problems can be fully dealt with.

The introduction of residential uses to East Bayfront need not be detrimental to existing or future industrial activities, as service oriented industrial uses are generally more compatible with residential uses than heavier, traditional industrial activities. In addition, the amount of vacant and underused land in East Bayfront presents the opportunity to further minimize any conflicts through the overall allocation or distribution of uses and general urban design considerations.

The issue of potential conflict with existing industrial uses and future residential development can be addressed in part by clustering the different uses. Focusing new industrial development at the west end of East Bayfront cushions Redpath Sugars from residential uses, reinforces the existing activity of that part of East Bayfront given the Star Building and the LLBO and LCBO properties in addition to Redpath Sugars, and provides a supportive environment for the new industrial uses.

In order to achieve a viable neighbourhood in East Bayfront, it is assumed for the purposes of this study that an ultimate population of approximately 10,000 people would be an adequate population for the new neighbourhood to support its own schools and other community facilities. Based on 2.1 persons per household approximately 4,770 residential units would be needed to house 10,000 people. The actual number of units and residents needed to achieve a new neighbourhood with full community facilities may vary depending on the results of more detailed study.

The total residential floor area required to achieve 4,770 residential units is 4.770 million square feet, assuming a gross floor area of 1,000 square feet per unit. Given that the existing overall developable area of East Bayfront is 4.535 million square feet, a residential density of slightly more than 1.0 times the lot area is needed across the entire East Bayfront area. The proposed realignment (i.e., the contemplated re-

routing of Queen's Quay east of Jarvis Street, and the upgrading of Lakeshore Blvd., and possibly the easterly extension of Harbour Street) of East Bayfront results in a total developable area of 3.240 million square feet. Under this scenario, a residential density of 1.5 times the lot area is needed to attain the same number of residential units.

If the industrial activity is clustered at the west end of East Bayfront, a higher residential density than 1.0 or 1.5 times the lot area (as suggested above) will need to be established on the remaining East Bayfront lands in order to achieve 4,770 residential units.

The final allocation of uses within East Bayfront and associated densities needs to be established as part of a comprehensive Part II Official Plan study for the area.

4. RECOMMENDED STRATEGY

East Bayfront is in urgent need of renewal and re-investment. Its status as a viable industrial area has been seriously undermined as a result of:

- The loss of traditional manufacturing operations and port-related functions,
- The rising value of urban waterfront areas as "people places" and as possible locations for residential development (resulting in real estate speculation), and
- The barriers to growth and renewal inadvertently created as a result of the numerous and complex study and strategic initiatives taken by all levels of government.

East Bayfront has always been an important part of the City's economic base, and its value as a city and regional resource will continue to grow. However, this will occur only if the area is permitted to adapt to the contemporary conditions which prevail and are anticipated to shape its future viability as an employment area and as an emerging new mixed use neighbourhood. To guide and achieve this renewal of East Bayfront will require a shared vision among both public and private interests. Most importantly, it will require a commitment by the City of Toronto to take a leadership role in guiding the economic renewal process, to overcome the barriers to renewal, and to build private and public confidence in the future of East Bayfront. Implementation of the recommended development strategy will require a commitment to a 15-20 year program of gradual investment, and attention to fostering opportunities for positive, catalytic change by way of privately funded and/or publicly supported development initiatives.

4.1 Six Strategic Objectives

The strategy for preserving and enhancing East Bayfront as an urban employment area, with mixed use characteristics, should be founded on clearly stated objectives which are widely supported and measurable. The six objectives recommended for adoption as the basis for the renewal of East Bayfront are:

- Job retention
Viable businesses such as Redpath Sugars, Chas. Abel, and the LCBO/LLBO complex (for example) generate significant employment and economic value for the City and region. The renewal plans for East Bayfront should not threaten their continued operation, and should allow for their future operational needs (where appropriate). Other businesses which may be poised for change or restructuring, such as Canpar, should be the focus for City-led economic development assistance. This assistance should include land use and property counseling (for example, through TEDCO, the lessor of the Canpar property) for structuring reinvestment on-site or relocation to appropriate alternative locations in the City.
- Job attraction and creation
The promotion of East Bayfront as an employment area should be focused on meeting the labour requirements of viable business operations and on achieving a mix of employment opportunities. The focus of new business promotion activities by the City should be on attracting employment which is accessible to a majority of the City's labour force, includes full-time and part-time permanent positions, and which serves to create or enhance the viability of strategic business clusters (i.e., communications, graphic arts, environmental remediation, health care, information processing, computers & electronics, etc.).
- Taxable assessment
East Bayfront is likely to be the focus of significant infrastructure improvements in the coming years. This investment should not be a long term barrier to revitalizing the area, but will pose a constraint in the short to medium term when public financial capabilities are unlikely to be able to address all of the capital needs. The current level of taxation generated by the properties in East Bayfront is significantly lower than it is ultimately capable of generating. The vision of the area as a regional resource capable of serving as a locale for public marine terminals and cultural and recreational facilities, requires that the area demonstrate its ability to contribute financially to the well-being of the City's fiscal condition.
- Sustainable development
The renewal of East Bayfront should be based in part on its ability to achieve the distinction of addressing the challenges of sustainable development. The recommended employment and mixed use future for the area is in keeping with this objective. East Bayfront can potentially provide a balance of work and residential situations, significant improvements and remediation of environmental conditions, and reduced dependence on private automobile use, as a result of the initiatives proposed.
- Recognition of unique urban location
East Bayfront should be regarded as a distinct urban neighbourhood with existing physical connections to the central area and adjacent neighbourhoods. The successful creation of this distinct neighbourhood is

Infrastructure Improvements



dependent on the area being planned in a comprehensive manner that clearly establishes the goals and objectives for East Bayfront which capitalize on the existing special characteristics of the area, most notably the water/land interface. The City needs to effectively guide the evolution of this distinct neighbourhood by translating the defined goals and objectives for the area into a comprehensive implementation strategy.

- **Removal of barriers to investment & renewal**

The barriers to renewal are mostly in the realm of government policies and initiatives. The complex and overlapping interests in East Bayfront of local, regional, provincial, and federal governments and their agencies have served to frustrate re-investment and to undermine the confidence of existing and prospective development and business interest groups. While it is acknowledged that government agencies do have legitimate planning mandates in this area of the City, efforts should be made to remove "red tape" which currently obstructs implementation of comprehensive solutions to the renewal of East Bayfront.

4.2 Three Recommended Strategic Thrusts

The recommended action program for renewal of East Bayfront is focused on three broad strategies:

- Infrastructure improvements
- Policy changes
- Marketing initiatives

Planned And Proposed Infrastructure Improvements

The future of East Bayfront will be greatly influenced by the impacts of the infrastructure modifications planned and/or proposed for the immediate area. These modifications are summarized in Exhibit 4.1, and can be broken into eight categories:

- **Roads**

The City Planning & Development Department, and the Royal Commission on the Future of the Toronto Waterfront are studying the prospects for modifying the road network in East Bayfront. These changes (highlighted earlier in this report) would result in the creation of a tighter street grid (more urban in character than the current pattern), the southerly relocation of Queen's Quay east of Redpath Square, and the possible future creation of a third east-west roadway mid-way between Lakeshore Blvd. and Queen's Quay, linking to Harbour Street west of Yonge Street. As a result

of these changes, the area will be made more urban and more accessible to the surrounding area including the financial core in particular. The improved locational characteristics and smaller grid size (i.e., the resulting street pattern may result in most lots being no more than 2.0 acres in size) will tend to favour a more urban form of development and reduce the viability of the area for larger single-storey industrial operations.

- Waterfront Park

The recognition and growing acceptance of the waterfront as a "people place" and strategic regional resource is the basis for the contemplated creation of new parks, trails, and public spaces along the water's edge between Yonge Street and Cherry Street in East Bayfront. These improvements will improve the appearance and quality of East Bayfront as a business area, and as a place for public activity and possible mixed-use development.

- Gardiner/Lakeshore

The future of the Gardiner Expressway will have a very significant impact on the future of East Bayfront. The possible elimination or reduction of the Gardiner's carrying capacity will have to be replaced by other roadways and modes of travel. The impacts of these possible changes will be extensive; the creation of new roads, the widening of existing roads, the modification of property lines, and changes to traffic circulation along lot frontages.

- Flood Control

The measures for addressing the risks of flooding will continue to pose constraints to development in East Bayfront for some time to come. The costs of flood protection will likely have to be borne by new development in the flood plain, raising costs. Regardless of which measures are implemented, the cost of development in the area is likely to be higher than locations not considered to be at risk.

- TTC/Go-Transit

The contemplated easterly extension of the LRT line from Union Station, and the possible development of a Go-Train station in the vicinity of Cherry Street/Lakeshore Blvd. will be valued additions to East Bayfront, and will serve to enhance the area's accessibility and utility as a downtown business location. Even if these improvements do not occur, improved public transit service to the area will enhance accessibility.

- Rail Freight

The use of the rail spur lines to carry freight is largely restricted to the needs of Redpath Sugars and the Toronto Star. This use, although low volume, is still frequent and considered essential to the continued viability of these firms in and around East Bayfront. The possible relocation of Queen's Quay to the south of the rail line should not be permitted to jeopardize the continued security of the freight service. The right-of-way must be maintained in order to secure the long-term security of major

employers. In the event that the future LRT right-of-way may be compatible with a rail spur line, efforts should be devoted to designing a combined rail corridor.

- Marine Terminal

East Bayfront may provide a strategic opportunity to locate a marine passenger terminal function in the proximity of the downtown. This terminal (described earlier in this report) could become a catalyst to raising the awareness of businesses of the positive attributes of East Bayfront as a business location.

- Social Infrastructure

The creation of a distinct neighbourhood will require the provision of a varied menu of services. These include retail, work related day care, and commercial business services, as well as community facilities appropriate for serving local and area residents. The lessons learned in suburban business park situations where social infrastructure is often absent, is that these services are of value to business and will be increasingly important in future years as a competitive point of difference.

Few if any of these infrastructure initiatives are likely to be resolved in the next few years, and it may well require the balance of this decade before the physical structure, design, and future development composition of East Bayfront is resolved. This high level of uncertainty, and the possible cost jeopardy associated with their resolution, pose potential problems and barriers for persons and businesses contemplating investing or re-investing in East Bayfront. The proposed improvements could increase land values and the attractiveness of the area, increasing investment interest in the area.

Recommended Policy Changes

The City of Toronto needs to take a proactive role in getting development started in East Bayfront. A City-based initiative is needed such as locating a significant public use or activity such as the Ballet/Opera House, passenger terminal, or aquarium in the area. This would serve as a catalyst to further development and provide a base along with the development of an area specific identity for promoting East Bayfront.

The City of Toronto can accomplish a great deal towards the future redevelopment of East Bayfront by establishing a greater certainty in the area by formally adopting a Part II Plan that clearly sets out the City's objectives and which takes into account the area's realistic opportunities for growth. East Bayfront is a clearly definable,



underused industrial area that provides the opportunity to redesignate the area from existing traditional industrial designations without undermining the City's commitment to preserving its larger industrial firms (i.e., Redpath Sugars).

Given the results of this study, East Bayfront should be redesignated to permit a mixed-use community of industrial, residential and commercial uses. This will require a change in the City's Official Plan and zoning designations for the area to include the range and types of uses that will comprise East Bayfront and to establish the appropriate densities for each.

Establishing a mixed-use community includes changing the permitted industrial uses in the area from traditional industrial activities to more contemporary industrial uses. The contemporary industrial uses are more likely to value the locational benefits offered in East Bayfront, and are also more compatible with other land uses. This is in keeping with the policy directions set out in the Cityplan '91 Report No. 22, Future of City Industry Study, which noted that industries serving the service sector is a growing economic sector (although sensitive to the overall economic growth of the sectors they serve). These contemporary industrial businesses include photo and graphic industries, data processors, printing and other media related functions (i.e., advertising firms, computer graphics and software firms, public relations and promotion firms, etc.). The future of East Bayfront as an industrial domain is more closely tied to attracting these contemporary firms, rather than pursuing a shrinking opportunity to attract larger traditional manufacturing firms and transportation-related operations whose location and financial requirements would tend to eliminate East Bayfront as a competitive and viable location.

The existing industrial parking requirements for industrial uses in East Bayfront are greater than for non-industrial purposes. Given the location of East Bayfront in relation to existing and proposed transportation, the core area as well as existing and anticipated residential neighbourhoods, the current industrial parking requirements appear excessive and may serve as an impediment to industrial development in the area. These standards need to be reviewed.

Finally, the City of Toronto can accomplish a great deal to improve the physical image and reputation of East Bayfront, by initiating improvements to the appearance of the area, and by providing businesses with an upgraded infrastructure to meet the

East Bayfront Planning Policy Initiatives

- ✓ **Promote & preserve opportunities for catalytic developments**
- ✓ **Permit mixed-use development**
- ✓ **Permit contemporary industrial land uses & practices**
- ✓ **Review industrial parking requirements**
- ✓ **Prepare & adopt Official Plan Amendment**
- ✓ **Designate East Bayfront as a Community Improvement Area for P.R.I.D.E. funding**

needs and vision of the future East Bayfront. Provincial grants (i.e., the Ministry of Municipal Affairs' Program For Renewal, Improvement, Development And Economic Revitalization (PRIDE)) should be applied for to assist in the funding of infrastructure projects (described earlier), and could also include signage, building restoration, and land acquisition.

Exhibit 4.2 provides a summary of the policy initiatives recommended.

Recommended Marketing Initiatives

As indicated in the earlier sections of this chapter, there are a considerable number of policy and investment initiatives to be pursued by the City over the balance of this decade and into the next decade. These initiatives require commitment to more than just a planning document (i.e., the Part II Plan, or Official Plan). They require commitment to implementing the objectives and goals of the plan. Given the size and importance of East Bayfront to the City, it is recommended that any marketing program include the following six key initiatives:

1. Awareness campaign

The revitalization of East Bayfront as an important business district and mixed use community requires a concerted marketing and awareness campaign. The campaign should be targeted primarily at the existing landowners, business owners and operators, and Toronto-area realtors, all of whom have a stake in this part of the City. Given the general absence of industrial re-investment (Redpath and Canpar excepted), and the perception by landowners and business operators that the future of East Bayfront is burdened by "studies and red tape", it is essential that the City communicate its plans for revitalization to all the interested/affected parties in the area.

Existing businesses should each be contacted to communicate the recommendations of this study, and to invite their participation in the Part II study process. On at least an annual basis (and more frequently if required), these businesses should be given updates about the implementation of the strategy for East Bayfront, and how it will influence their business decisions. Most importantly, existing businesses should be offered encouragement and assistance (where possible) to remain and re-invest in East Bayfront.

Landowners and realtors need to be kept up to date about the plans for East Bayfront. The area has been the subject of considerable speculation, which has been harmful to its traditional role as an industrial district. This speculation must be addressed by a campaign of information and

awareness building to demonstrate the commitment by the City to a revitalization strategy for East Bayfront, and to inspire confidence and new, positive investment by the real estate community.

Finally, East Bayfront is traversed by busy roadways along which there are few indications of the existing or projected future economic vitality of the area. As implementation of the strategy takes shape, informational signage (i.e., co-op billboards, or City-sponsored informational signs/placards) should be erected to promote the area's revitalization to the City's businesses, and to the general public.

2. Development prospectus

A development prospectus should be published and distributed in support of the implementation strategy for revitalizing East Bayfront. This should be done as part of the finalizing of the Part II plan for the area, and then updated annually to communicate current initiatives and successes. The prospectus is necessary to position East Bayfront as a contemporary and competitive location for investment and business attraction. To distinguish the area from other inner city employment areas, East Bayfront should be supported by a level of marketing and promotion similar to the marketing of suburban business parks. Official Plan documents are helpful in this regard, but are not written as marketing documents, and are not kept up to date on an annual basis.

3. Business counseling

The City must intensify its efforts to communicate and counsel existing East Bayfront businesses (not only traditional industrial firms), and to attract and advise potential new move-in candidates. The City's plans and visions for East Bayfront are still unclear among the business community, and until they are confident about the City's commitment to a strategy for the area, it is unlikely that the area will be able to attract significant new employers, or to inspire longer term re-investment decisions by existing businesses.

4. Target promotion

A program of targeted promotion is recommended to support the revitalization campaign for East Bayfront. Newsletters, occasional direct mail pieces, and a program of annual special events are proposed as part of this promotion strategy. The newsletter is recommended as the primary tool for assisting the awareness building campaign and for communicating up to date facts and news regarding the implementation of the revitalization strategy.

In support of specific initiatives (i.e., recruitment campaigns for new buildings or in support of proposal calls), a budget should be dedicated to funding selective direct mail initiatives. As the area begins to witness important physical improvements and upgrading, special events should be created and promoted to attract investor and general public interest to East Bayfront.

5. Infrastructure

The realignment of roads, the creation of waterfront walkways, and the general upgrading of the physical infrastructure envisioned for East Bayfront will require senior level government funding assistance and contributions from the development community. Specific efforts should be made to designate the area as a Community Improvement Area (qualifying for PRIDE funding), and to identify the program of infrastructure investments needed to upgrade East Bayfront consistent with its revitalization strategy. Based on the program of infrastructure investments required, initiatives should be taken to promote larger as well as small scale investments, some of which may serve as catalysts to developing required infrastructure and raising the capital funds to pay for it.

Finally, the cost of doing business is an on-going and real concern, not just for the private sector but certainly for the City and public agencies as well. It is therefore recommended that a disciplined program of cost monitoring, reporting, and control be implemented as part of the overall marketing program.

6. Monitoring

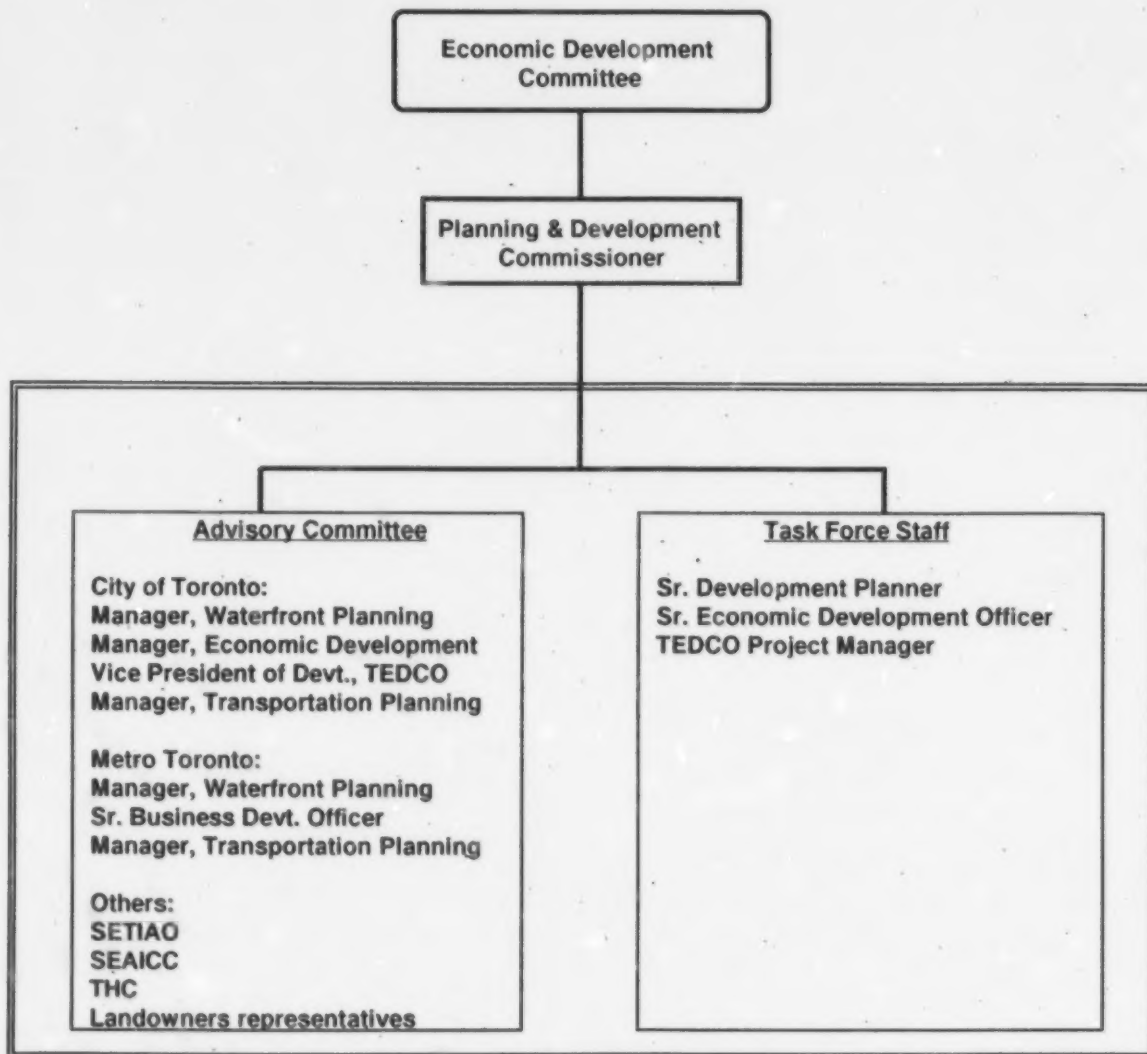
East Bayfront currently exists under a cloud of speculation regarding the future viability of industrial land uses, and some cynicism regarding the commitment of the City to achieve the area's revitalization. In order to remove these negative factors and to inspire confidence and positive investment in the area, a monitoring program is essential. The program should consist of a monitoring of response to the revitalization strategy (i.e., monitoring inquiries received, building permits, newspaper articles, etc.) on an annual basis and in response to specific marketing program initiatives, the occasional testing of the area's image and the perception of the area by vested and targeted interest groups, and the level and flow of investment into East Bayfront. The progress/results of the marketing program should be communicated to City Council and to the business community on at least an annual basis.

To implement this marketing program, the City will need to commit staff and resources. The recommended resource commitment is presented in the following pages.

4.3 City Leadership Is Required To Guide Development

East Bayfront is in a period of transition which is likely to endure for another 10-15 years, before the area once again achieves its position in the City and region as an important source of economic activity and urban vitality. The transition from traditional manufacturing and port-related industrial activity has been in evidence for at least the

East Bayfront Task Force Structure



past decade, with little in the way of new investment to off-set the visible signs of de-investment and decay. The current recession and economic restructuring are adding to the decline of the area, and to the loss of confidence in the industrial future of the area.

To overcome the negative physical image of the area, and to inspire renewed confidence in the economic future of East Bayfront as an employment and mixed-use area, the City must take a leadership position and commit its resources and policies to the renewal of an important waterfront and downtown district.

Organize & Deploy Resources To Achieve Results

As illustrated in Exhibit 4.3, an East Bayfront Task Force under the leadership of the Commissioner of Planning & Development is recommended as the staff mechanism to guide and promote the positive economic renewal of East Bayfront. The Task Force staff should operate as a unit, meeting regularly to share information, set activities and goals, and monitor results. Periodically, an Advisory Committee composed of City, Metro and other representatives should meet with the Task Force staff to review marketing activities, progress made, and to solicit ideas, issues, and assistance. The Advisory Committee should be recruited from the sources noted on Exhibit 4.3, and a two-year commitment should be required of each member in order to benefit from the continuity of effort and experience this committee of "doers", as opposed to "monitors", should be expected to bring to their roles.

A Commitment To Success

The City of Toronto must indicate to industry and to the public that it has a vision of the future of East Bayfront, and that it is prepared to make a commitment to achieving this vision. The future of the area as a dynamic economic zone and contributor to the economic, social, and environmental well-being of the City is attainable in theory, but requires a considerable level of investment, strategic planning, promotion, and patience to achieve. A business plan should be developed to define the contribution which the City is prepared to commit to this project over the term of the current City Council, and with regard to the need to continue the commitment over the longer term.

APPENDIX A. PRO FORMAS

PRO FORMA CASE STUDIES

The following pro forma analysis was developed to provide an understanding of the financial feasibility for industrial development in East Bayfront. A development scenario was also prepared to illustrate the feasibility of a mixed employment residential development. In order to provide a reasonable test of the feasibility of industrial development, several scenarios of various magnitudes were analyzed and are summarized in the following table:

Case Studies

	Development Type	Site Area (Acres)	Density	# of Floors	Gross Floor Area (sq. ft.)
1.	Single Storey Industrial	2.0	0.75	1	65,340
1a.	With Demolition and Soil Remediation				
2.	Multi-Storey Industrial Breakeven Analysis	2.0	3.00	7	261,360
2a.	With Demolition and Soil Remediation				
3.	Multi-Storey Industrial	2.0	3.00	3	261,360
3a.	With Demolition and Soil Remediation				
4.	Multi-Storey Breakeven Limited Building Height	2.0	3.00	7	261,360
4a.	With Demolition and Soil Remediation				
5.	Mixed Use Employment/ Residential	2.0	3.00	7	261,360
5a.	With Demolition and Soil Remediation				

Land Residual Pro Forma Model

The affects of different input costs and revenues were tested using a land residual pro forma model. This model derives the residual value of land for a development using the following formula:

$$\bullet \text{ Residual Land Value} = \text{Project Revenues} - \text{Project Costs}$$

Costs and revenues were determined for each of the development scenarios in consultation with City of Toronto staff, developers and real estate industry leaders. Residual land values were calculated for developments with and without the demolition and soil remediation costs in order to provide sensitivity to the magnitude

of these costs on the financial feasibility of the case study developments. The residual land values were then compared with current land market conditions in order to provide a sense of the feasibility of industrial development in East Bayfront.

This analysis is designed to provide an understanding of the relationship between the various development options, and cost and revenue factors in order to provide economic sensitivity to the magnitude of the potential affects of these inputs on industrial development. The state of the Toronto development industry reflects the current national economic malaise and is in direct contrast to the boom conditions of the mid to late 1980's. Vacancy rates in the industrial sector have increased significantly providing prospective tenants with opportunities for lease reductions and large tenant inducements (i.e., rent free periods or physical improvements to the leased space) in all industrial areas of the Toronto and Metropolitan region.

Market conditions and cost factors will vary significantly particularly during depressed economic periods adding to the uncertainty of pro forma results. However, this analysis will provide the fiscal magnitude of the various development options which can then be interpreted for differing economic conditions.

Case Studies

The case studies are identified by the development type (i.e., Multi Storey Industrial), and site or lot description (i.e., site area and density of development). Each of the case studies are presented in five sections including: building description, cost and revenue assumptions, project revenues, project costs, and residual land value. Major cost and revenue assumptions include:

Revenue/Cost Assumptions - Pro Forma Analysis

Assumptions	Industrial		Residential
	Single Storey	Multi-Storey	
Revenues:			
Gross Lease/Sale Rate (\$/sq. ft.)	\$5.50	\$16.00	\$19.00
Tenant Inducements (\$/sq. ft.)	\$0.00	\$32.00	\$0.00
Capitalization Rate	8.0%	8.0%	n/a
Parking:			
Surface (\$/space)	\$0	\$0	\$0
Underground (\$/space)	n/a	n/a	\$25,000

Revenue/Cost Assumptions - Pro Forma Analysis, cont'd

Assumptions	Industrial		Residential
	Single Storey	Multi-Storey	
<u>Hard Costs</u>			
Building (\$/sq.ft.)	\$35	\$75	\$90
Elevator (per)	n/a	\$100,000	\$100,000
Landscaping (\$/sq.ft site area)	\$2.07	\$2.07	\$0.71
Servicing (Per Building)	\$10,000	\$10,000	\$10,000
Parking:			
Surface (\$/space)	\$2,000	\$2,000	\$2,000
Underground (\$/space)	n/a	n/a	\$25,000
<u>Soft Costs:</u>			
Architecture and Engineering		5% of Hard Costs	
Legal Fees		5% of Hard Costs	
Contingency		5% of Hard Costs	
Construction Management		5% of Hard Costs	
Condominium Set-up Fees		\$50,000/building	
<u>City of Toronto Development Charges:</u>			
Building Permits		2% of Hard Costs	
Sewage Impost Fees		\$0.70/sq.ft.	
Parks Levy (Cash-In-Lieu)	n/a	n/a	5% of land value

Revenue and cost assumption values will vary depending on the location of the development, the size of the development and the quality of structure (i.e., multi storey industrial with an office component vs. single storey traditional industrial space). Revenue and cost assumptions have been derived in consultation with City staff, project engineers and real estate industry leaders to ensure a reasonable test of the different development scenarios.

Construction financing is based on 75% of the combined hard and soft costs. For this analysis we have assumed an interest rate of 9.5% (approximately 1.5% above the current prime interest rate) compounded semi-annually yielding an effective interest rate of 9.7%. Given that the structures are not complex in design we have assumed construction financing over a one year period.

In all projects the developer will factor in a profit margin to ensure a return for the risk of investing capital in a project and for the management of the developers assets. For this analysis we have assumed developers profit of 15% of land and building¹. Given

¹ Residual Land Value (RLV) = Project Value (PV)-Project Costs (PC)-Developers Profit (DP)
Where DP = 1.15RLV+1.15PC

East Bayfront Industrial Land Residual Analysis Summary

Pro Form Number	Development Type	Site Area (Acres)	Density	Gross Floor Area (sq. ft.)	Description of Development			Residual Land Analysis			Land Financing		Net Profit (Loss) (1)-(2)
					Description	Parking Type	# of Spaces	Residual Land Value (\$ (1))	Assumed Land Value (\$/Acre)	Assumed Land Value (\$ Total)	Land Financing Years	Land Financing Cost	
1	Single Storey Industrial (No Soil Remediation)	2.00	0.75	65,340	On-Site	Surface	30	\$221,298	\$600,000	\$1,200,000	2	\$174,600	\$1,153,304
1a	Single Storey Industrial (With Soil Remediation/Demo)**	2.00	0.75	65,340	On-Site	Surface	30	(\$406,262)	\$600,000	\$1,200,000	2	\$174,600	(\$1,780,862)
2	Multi-Storey Industrial Breakeven Analysis (No Soil Remediation)	2.00	3.00	261,360	On-Site	Surface	121	\$6,232,453	\$2,557,000 (Breakeven Value)	\$5,114,000	3	\$1,116,131	\$2,323
2a	Multi-Storey Industrial Breakeven Analysis (With Soil Remediation/Demo)**	2.00	3.00	261,360	On-Site	Surface	121	\$5,583,615	\$2,290,000 (Breakeven Value)	\$4,580,000	3	\$999,585	\$4,030
3	Multi-Storey Industrial (No Soil Remediation)	2.00	3.00	261,360	On-Site	Surface	121	\$6,232,453	\$2,000,000	\$4,000,000	3	\$873,000	\$1,359,453
3a	Multi-Storey Industrial (With Soil Remediation/Demo)**	2.00	3.00	261,360	On-Site	Surface	121	\$5,583,615	\$2,000,000	\$4,000,000	3	\$873,000	\$710,615
4	Multi-Storey Industrial Limited Building Height (No Soil Remediation)	2.00	3.00	261,360	Off-Site Cash-In-Lieu	Structure	121	\$5,828,304	\$2,000,000	\$4,000,000	3	\$873,000	\$986,304
4a	Multi-Storey Industrial Limited Building Height (With Soil Remediation/Demo)**	2.00	3.00	261,360	Off-Site Cash-In-Lieu	Structure	121	\$5,180,465	\$2,000,000	\$4,000,000	3	\$873,000	\$307,465

Source: Stephen Chaf Consultants Ltd

** Assuming 75% of land cost is financed at interest rate of 6.6% compounded semi annually

** Assuming soil remediation and demolition costs of \$250,000/acre

the project value, project cost and developers profit the residual land value was calculated. The residual land value was applied to the gross zoning area to determine the residual dollar per buildable square foot value and compared with land values derived in consultation with City staff and development industry leaders.

Results of Land Residual Analysis

Exhibits A.1 and A.2 summarize the results of the pro forma analysis. The residual land values for each of the scenarios have been compared with assumed land costs and financing charges. Assuming that the uses consistent with multi-storey industrial developments (i.e., printing/graphics) are permitted in East Bayfront and that these developments fulfill Official Plan and Zoning requirements and that no extraordinary City approvals are required for development, project financing costs for land have been assumed over a three year period.

Pro Forma #1 (#1a.)

Pro Forma #1 assumes a single storey industrial facility typical of industrial parks that generally locate in suburban sites. The low density provision allows for parking to be accommodated on-site. Facilities are assumed to be of lower quality than the multi storey industrial buildings lacking for example quality common space and amenities (i.e., lobbies) which may increase lease rates. Lease rates are more in line with industrial condominium facilities. Even assuming a land value of \$600,000 per acre, this development lacks financial viability.

Pro Forma #2 (#2a.)

Pro Forma #2 models a seven storey industrial building typical of a King Business Centre type development with space suited for quasi industrial uses such as graphic arts. This space is generally of a higher quality than traditional industrial space and would command premium industrial rents (i.e., gross rents of \$18/sq.ft.). This scenario derives the breakeven land value with financing for this type of structure and development characteristics (i.e., large floor plate of 40,000 sq.ft., 7-stories). In other

$$\begin{aligned}\text{Then - RLV} &= \text{PV-PC} - 1.15\text{RLV} - 1.15\text{PC} \\ \text{RLV}(1.15) &= \text{PV-PC}(1.15) \\ \text{RLV} &= \text{PV}/1.15 - \text{PC}\end{aligned}$$

East Bayfront Mixed Employment Residential Land Residual Analysis Summary

Pro Forma Number	Development Type	Site Area (Acres)	Density	Gross Floor Area (sq.ft.)	Description of Development				Residual Land Analysis			Land Financing		Net Profit (Loss) (1)-(2)	
					Description	Parking Type	# of Spaces	Number of Floors	Residual Land Value (\$ (1)	Assumed Land Value (\$/Acre)	Assumed Land Value (\$Total)	Years	Land Financing Cost		Land Value + Financing (2)
5	Mixed Use Employment Residential Two Buildings (No Soil Remediation)	2.00	3.00	261,360	On-Site	Surface Underground	128 64	7	\$5,634,870	\$2,000,000	\$4,000,000	3	\$873,000	\$4,873,000	\$761,870
5a.	Mixed Use Employment Residential Two Buildings (With Soil Remediation/Demo)***	2.00	3.00	261,360	On-Site	Surface Underground	128 64	7	\$4,996,672	\$2,000,000	\$4,000,000	3	\$873,000	\$4,873,000	\$123,672

Source: Stephen Chait Consultants Ltd.

**Assuming 75% of land cost is financed at interest rate of 8.5% compounded semi annually.

** Assuming soil remediation and demolition costs of \$250,000/acre.

words, the highest land value which the development could support. Without demolition of the site and soil remediation, the development could support land values with land carrying costs in the order of \$2.557 million/acre. With soil remediation and building demolition, the development could support land values in the \$2.290 million/acre range.

Pro Forma #3 (#3a.)

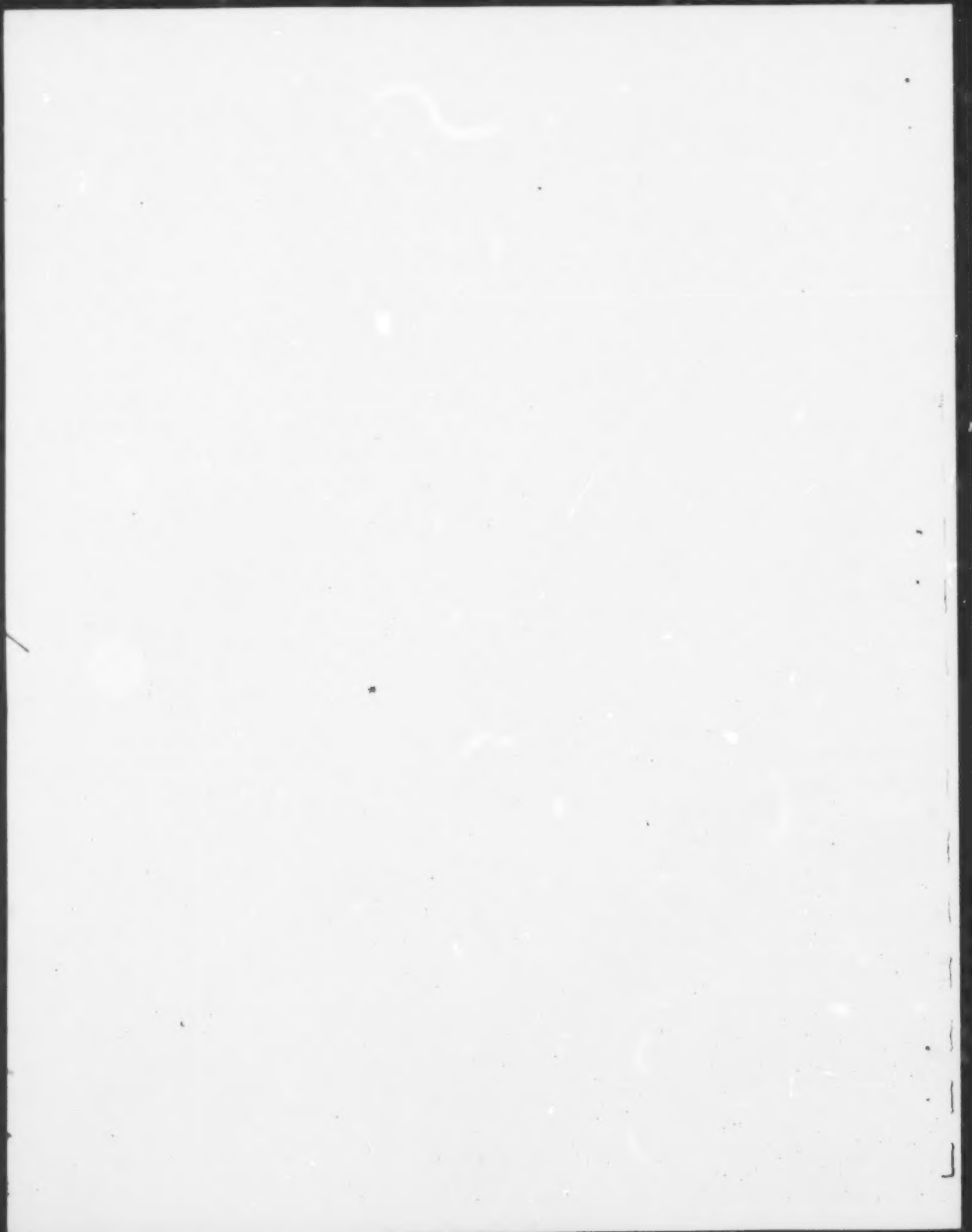
Pro forma #3 models a structure similar to that of Pro Forma #2. A floor plate of 40,000 sq.ft. would allow for adequate on-site surface parking. Assuming land values of \$2.0 million per acre and associated land financing or land carrying costs, this development would be economically viable in the East Bayfront even with a contingency for soil remediation and demolition of an existing structure. This is generally the result of premium industrial rents which could be charged.

Pro Forma #4 (#4a.)

Pro Forma #4 assumes a similar quality industrial facility designed for quasi industrial uses as per pro forma's #2 and #3. In this scenario the floor plate has been increased to 65,000 sq.ft. reducing the building height to a 4-storey structure. Parking is assumed to be accommodated off-site and a cash-in-lieu of parking charge has been added to the development costs as per City of Toronto parking guidelines to construct a structured parking garage. Assuming land values of \$2.0 million per acre and associated land financing or land carrying costs this scenario would be economically viable, although with an added soil remediation and demolition charge this development approaches the project breakeven level. Again, this is generally the result of the quality of the structure and therefore the premium rent which can be charged and the density on site.

Pro Forma #5 (#5a.)

Pro Forma #5 assumes a development with a mixed employment and residential use each within a separate structure. This scenario provides for underground residential parking. Assuming land values of \$2.0 million per acre, this scenario would be economically viable even with a contingency for building demolition and soil remediation.



DEVELOPMENT AREA -
DEVELOPMENT TYPE -

EAST BAYFRONT
SINGLE-STOREY INDUSTRIAL

SITE AREA:

87,120 (sq.ft.)

2.00 (acres)

DENSITY

0.75

Building Description

Description		Development Type			
		TOTAL	Industrial	Office	Res-Condominium
COMPOSITION OF DEVELOPMENT		100%	100%	0%	0%
BUILDING INFORMATION:					
Floor Plate (in sq.ft.)	65,000				
Number of Floors	1				
Gross Zoning Area	sq.ft.	65,340	65,340	0	0
Gross Construction Area	105%	68,607	68,607	0	0
Building Efficiency (As % of G.Z.A.)	%		94%	0%	0%
Net Building Area	sq.ft.	61,420	61,420	0	0
PARKING: TOTAL REQUIRED	spaces	30	30	0	0
	Surface	30	30	0	0
	Structure	0	0	0	0
	Underground	0	0	0	0

RESIDENTIAL ASSUMPTIONS:

Average Unit Size 0 sq.ft.
Number of Residential Units 0

Assumptions

ASSUMPTIONS		Development Type		
		Industrial	Office	Res-Condominium
REVENUE:				
Gross Lease/Sale Rate		\$5.50	\$0.00	\$0
Tenant Inducements (Per Sq.Ft.)		\$0.00	\$0.00	\$0
Capitalization Rate		8.0%	0.0%	0.0%
Vacancy Rates		0.0%	0.0%	0.0%
COST:				
Number of Elevators Per Building - 0				
Cost Per Elevator - \$100,000				
Landscaping Costs (Per Sq. Ft. Of Site Area)		\$2.07	\$0.00	\$0.00
Building Costs (Per Gross Construction Sq.Ft.)		\$35	\$0	\$0

PARKING REQUIREMENT/REVENUE		Development Type		
		Industrial	Office	Res-Condominium
PARKING REQUIREMENTS:				
• Parking Area - Sq.Ft. Per Space =	300			
1 Space Per sq.ft. (Comm.) or /Space per Unit (Res.)		2,152	0	0.000
PARKING REVENUE:				
Surface	/space	\$0	\$0	\$0
Structure	/space	\$0	\$0	\$0
Underground	/space	\$0	\$0	\$0

PARK LEVY:

✓ Current Levy: Based on 5% of land cash-in-lieu for residential projects and 2% for commercial projects
Value Of Land For Calculation of Levy \$14 /sq.ft. \$600,000 /acre

Project Revenues

REVENUES	TOTAL	Industrial	Development Type	
			Office	Res-Condominium
Lease/Sale Revenues	\$337,810	\$337,810	\$0	\$0
Parking	\$0	\$0	\$0	\$0
Gross Revenues	\$337,810	\$337,810	\$0	\$0
Less Vacancy See Assumptions	\$0	\$0	\$0	\$0
Net Revenues	\$337,810	\$337,810	\$0	\$0
Capitalized Value	\$4,222,625	\$4,222,625	\$0	\$0
Less Tenant Inducements See Assumptions	\$0	\$0	\$0	\$0
Less Sales Commission 2.0% Capital Value	(\$84,453)	(\$84,453)	\$0	\$0
PROJECT VALUE	\$4,138,172	\$4,138,172	\$0	\$0

Project Costs

COSTS	TOTAL	Industrial	Development Type	
			Office	Res-Condominium
HARD COSTS:				
Demolition and Soils @ \$0 /acre	\$0	\$0	\$0	\$0
Landscaping @ See Assumptions	\$180,338	\$180,338	\$0	\$0
Servicing @ \$10,000 /Building	\$10,000	\$10,000	\$0	\$0
Building See Assumptions	\$2,401,245	\$2,401,245	\$0	\$0
Elevators \$100,000 /Elevator	\$0	\$0	\$0	\$0
Parking:				
Surface \$2,000 /space	\$60,000	\$60,000	\$0	\$0
Structure \$0 /space	\$0	\$0	\$0	\$0
Underground \$20,000 /space	\$0	\$0	\$0	\$0
SUB-TOTAL HARD COSTS	\$2,651,583	\$2,651,583	\$0	\$0
SOFT COSTS:				
Arch & Engineering Fees @ 5.0% Hard Costs	\$132,579	\$132,579	\$0	\$0
Legal Fees @ 1.0% Hard Costs	\$26,516	\$26,516	\$0	\$0
Contingency @ 5.0% Hard Costs	\$132,579	\$132,579	\$0	\$0
Construction Management @ 5.0% Hard Costs	\$132,579	\$132,579	\$0	\$0
Res. Administration/Setup Fee \$50,000 /Res. Building	\$0	\$0	\$0	\$0
CITY OF TORONTO CHARGES:				
Current Development Charges:				
Building Permits @ 1.0% Hard Costs	\$26,516	\$26,516	\$0	\$0
Park's Levy @ See Assumptions	\$0	\$0	\$0	\$0
Sewage Impost Fee @ \$0.70 /sq.ft.	\$45,738	\$45,738	\$0	\$0
SUB-TOTAL SOFT COSTS	\$496,507	\$496,507	\$0	\$0
SUB-TOTAL HARD AND SOFT COSTS	\$3,148,090	\$3,148,090	\$0	\$0
Construction Financing (1) @ 9.70% Effective Rate	\$229,024	\$229,024	\$0	\$0
(1) Note: Based on 75% of Hard and Soft Costs compounded semi-annually over 1 year period.				
TOTAL PROJECT COSTS	\$3,377,114	\$3,377,114	\$0	\$0

RESIDUAL LAND VALUE

Project Value	\$4,138,172
Less Project Costs	\$3,377,114
Less Developers Profit (15% of Land and Building)	\$539,762
Residual Land Value:	\$221,296
- Per Buildable Sq.Ft.	\$3
Assumed Land Value @ \$600,000 /acre	\$1,200,000
- Per Buildable Sq.Ft.	\$18

DEVELOPMENT AREA - EAST BAYFRONT
DEVELOPMENT TYPE - SINGLE-STOREY INDUSTRIAL

SITE AREA: 87,120 (sq.ft.) 2.00 (acres) DENSITY 0.75

Building Description

Description		Development Type			
		TOTAL	Industrial	Office	Res-Condominium
COMPOSITION OF DEVELOPMENT		100%	100%	0%	0%
BUILDING INFORMATION:					
Floor Plate (in sq.ft.)	65,000				
Number of Floors	1				
Gross Zoning Area	sq.ft.	65,340	65,340	0	0
Gross Construction Area	105%	68,607	68,607	0	0
Building Efficiency (As % of G.Z.A.)	%		94%	0%	0%
Net Building Area	sq.ft.	61,420	61,420	0	0
PARKING:	TOTAL REQUIRED	30	30	0	0
	Surface	30	30	0	0
	Structure	0	0	0	0
	Underground	0	0	0	0

RESIDENTIAL ASSUMPTIONS:

Average Unit Size 0 sq.ft.
Number of Residential Units 0

Assumptions

ASSUMPTIONS		Development Type		
		Industrial	Office	Res-Condominium
REVENUE:				
Gross Lease/Sale Rate		\$5.50	\$0.00	\$0
Tenant Inducements (Per Sq.Ft.)		\$0.00	\$0.00	\$0
Capitalization Rate		8.0%	0.0%	0.0%
Vacancy Rates		0.0%	0.0%	0.0%
COST:				
Number of Elevators Per Building - 0				
Cost Per Elevator - \$100,000				
Landscaping Costs (Per Sq. Ft. Of Site Area)		\$2.07	\$0.00	\$0.00
Building Costs (Per Gross Construction Sq.Ft.)		\$35	\$0	\$0

PARKING REQUIREMENT/REVENUE		Development Type		
		Industrial	Office	Res-Condominium
PARKING REQUIREMENTS:				
• Parking Area - Sq.Ft. Per Space =	300			
1 Space Per sq.ft. (Comm.) or /Space per Unit (Res.)		2,152	0	0.000
PARKING REVENUE:				
Surface	/space	\$0	\$0	\$0
Structure	/space	\$0	\$0	\$0
Underground	/space	\$0	\$0	\$0

PARK LEVY:

✓ Current Levy: Based on 5% of land cash-in-lieu for residential projects and 2% for commercial projects
Value Of Land For Calculation of Levy \$14 /sq.ft. \$600,000 /acre

Project Revenues

REVENUES	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
Lease/Sale Revenues	\$337,810	\$337,810	\$0	\$0
Parking	\$0	\$0	\$0	\$0
Gross Revenues	\$337,810	\$337,810	\$0	\$0
Less Vacancy See Assumptions	\$0	\$0	\$0	\$0
Net Revenues	\$337,810	\$337,810	\$0	\$0
Capitalized Value	\$4,222,625	\$4,222,625	\$0	\$0
Less Tenant Inducements See Assumptions	\$0	\$0	\$0	\$0
Less Sales Commission 2.0% Capital Value	(\$84,453)	(\$84,453)	\$0	\$0
PROJECT VALUE	\$4,138,172	\$4,138,172	\$0	\$0

Project Costs

COSTS	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
HARD COSTS:				
Demolition and Soils @ \$250,000 /acre	\$500,000	\$500,000	\$0	\$0
Landscaping @ See Assumptions	\$180,338	\$180,338	\$0	\$0
Servicing @ \$10,000 /Building	\$10,000	\$10,000	\$0	\$0
Building See Assumptions	\$2,401,245	\$2,401,245	\$0	\$0
Elevators \$100,000 /Elevator	\$0	\$0	\$0	\$0
Parking:				
Surface \$2,000 /space	\$60,000	\$60,000	\$0	\$0
Structure \$0 /space	\$0	\$0	\$0	\$0
Underground \$20,000 /space	\$0	\$0	\$0	\$0
SUB-TOTAL HARD COSTS	\$3,151,583	\$3,151,583	\$0	\$0
SOFT COSTS:				
Arch & Engineering Fees @ 5.0% Hard Costs	\$157,579	\$157,579	\$0	\$0
Legal Fees @ 1.0% Hard Costs	\$31,516	\$31,516	\$0	\$0
Contingency @ 5.0% Hard Costs	\$157,579	\$157,579	\$0	\$0
Construction Management @ 5.0% Hard Costs	\$157,579	\$157,579	\$0	\$0
Res. Administration/Setup Fee \$50,000 /Res. Building	\$0	\$0	\$0	\$0
CITY OF TORONTO CHARGES:				
Current Development Charges:				
Building Permits @ 1.0% Hard Costs	\$31,516	\$31,516	\$0	\$0
Park's Levy @ See Assumptions	\$0	\$0	\$0	\$0
Sewage Impost Fee @ \$0.70 /sq.ft.	\$45,738	\$45,738	\$0	\$0
SUB-TOTAL SOFT COSTS	\$581,507	\$581,507	\$0	\$0
SUB-TOTAL HARD AND SOFT COSTS	\$3,733,090	\$3,733,090	\$0	\$0
Construction Financing (1) @ 9.70% Effective Rate	\$271,582	\$271,582	\$0	\$0
(1) Note: Based on 75% of Hard and Soft Costs compounded semi-annually over 1 year period.				
TOTAL PROJECT COSTS	\$4,004,672	\$4,004,672	\$0	\$0

RESIDUAL LAND VALUE

Project Value	\$4,138,172
Less Project Costs	\$4,004,672
Less Developers Profit (15% of Land and Building)	\$539,762
Residual Land Value:	(\$406,262)
- Per Buildable Sq.Ft.	(\$6)
Assumed Land Value @ \$600,000 /acre	\$1,200,000
- Per Buildable Sq.Ft.	\$18

DEVELOPMENT AREA -
DEVELOPMENT TYPE -

EAST BAYFRONT
MULTI-STOREY INDUSTRIAL BREAK-EVEN ANALYSIS - NO SOIL REMEDIATION

SITE AREA:

87,120 (sq.ft.)

2.00 (acres)

DENSITY

3.00

Building Description

Description		Development Type			
		TOTAL	Industrial	Office	Res-Condominium
COMPOSITION OF DEVELOPMENT		100%	100%	0%	0%
BUILDING INFORMATION:					
Floor Plate (in sq.ft.)	40,000				
Number of Floors	7				
Gross Zoning Area	sq. ft.	261,360	261,360	0	0
Gross Construction Area	106%	277,042	277,042	0	0
Building Efficiency (As % of G.Z.A.)	%		94%	0%	0%
Net Building Area	sq. ft.	245,678	245,678	0	0
PARKING: TOTAL REQUIRED	spaces	121	121	0	0
	Surface	121	121	0	0
	Structure	0	0	0	0
	Underground	0	0	0	0

RESIDENTIAL ASSUMPTIONS:

Average Unit Size 0 sq. ft.
Number of Residential Units 0

Assumptions

ASSUMPTIONS		Development Type		
		Industrial	Office	Res-Condominium
REVENUE:				
Gross Lease/Sale Rate		\$16.00	\$0.00	\$0
Tenant Inducements (Per Sq.Ft.)		\$32.00	\$0.00	\$0
Capitalization Rate		8.0%	0.0%	0.0%
Vacancy Rates		0.0%	0.0%	0.0%
COST:				
Number of Elevators Per Building - 5				
Cost Per Elevator - \$100,000				
Landscaping Costs (Per Sq. Ft. Of Site Area)		\$2.07	\$0.00	\$0.00
Building Costs (Per Gross Construction Sq.Ft.)		\$75	\$0	\$0

PARKING REQUIREMENT/REVENUE		Development Type		
		Industrial	Office	Res-Condominium
PARKING REQUIREMENTS:				
• Parking Area - Sq.Ft. Per Space =	300			
1 Space Per sq.ft. (Comm.) or /Space per Unit (Res.)		2,152	0	0.000
PARKING REVENUE:				
Surface	/space	\$0	\$0	\$0
Structure	/space	\$0	\$0	\$0
Underground	/space	\$0	\$0	\$0

PARK LEVY:

✓ Current Levy: Based on 5% of land cash-in-lieu for residential projects and 2% for commercial projects
Value Of Land For Calculation of Levy \$59 /sq.ft. \$2,557,000 /acre

Project Revenues

REVENUES	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
Lease/Sale Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Parking	\$0	\$0	\$0	\$0
Gross Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Less Vacancy See Assumptions	\$0	\$0	\$0	\$0
Net Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Capitalized Value	\$49,135,600	\$49,135,600	\$0	\$0
Less Tenant Inducements See Assumptions	(\$7,861,696)	(\$7,861,696)	\$0	\$0
Less Sales Commission 3.0% Capital Value	(\$1,474,068)	(\$1,474,068)	\$0	\$0
PROJECT VALUE	\$39,799,836	\$39,799,836	\$0	\$0

Project Costs

COSTS	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
HARD COSTS:				
Demolition and Soils @ \$0 /acre	\$0	\$0	\$0	\$0
Landscaping @ See Assumptions	\$180,338	\$180,338	\$0	\$0
Servicing @ \$10,000 /Building	\$10,000	\$10,000	\$0	\$0
Building See Assumptions	\$20,778,150	\$20,778,150	\$0	\$0
Elevators \$100,000 /Elevator	\$500,000	\$500,000	\$0	\$0
Parking:				
Cash-in-Lieu of Parking \$2,000 /space	\$242,000	\$242,000	\$0	\$0
Structure \$0 /space	\$0	\$0	\$0	\$0
Underground \$20,000 /space	\$0	\$0	\$0	\$0
SUB-TOTAL HARD COSTS	\$21,710,488	\$21,710,488	\$0	\$0
SOFT COSTS:				
Arch & Engineering Fees @ 5.0% Hard Costs	\$1,085,524	\$1,085,524	\$0	\$0
Legal Fees @ 1.0% Hard Costs	\$217,105	\$217,105	\$0	\$0
Contingency @ 5.0% Hard Costs	\$1,085,524	\$1,085,524	\$0	\$0
Construction Management @ 5.0% Hard Costs	\$1,085,524	\$1,085,524	\$0	\$0
Res. Administration/Setup Fee \$50,000 /Res. Building	\$0	\$0	\$0	\$0
CITY OF TORONTO CHARGES:				
Current Development Charges:				
Building Permits @ 1.0% Hard Costs	\$217,105	\$217,105	\$0	\$0
Park's Levy @ See Assumptions	\$0	\$0	\$0	\$0
Sewage Impost Fee @ \$0.70 /sq.ft.	\$182,952	\$182,952	\$0	\$0
SUB-TOTAL SOFT COSTS	\$3,873,734	\$3,873,734	\$0	\$0
SUB-TOTAL HARD AND SOFT COSTS	\$25,584,222	\$25,584,222	\$0	\$0
Construction Financing (1) @ 9.70% Effective Rate	\$2,791,878	\$2,791,878	\$0	\$0
(1) Note: Based on 75% of Hard and Soft Costs compounded semi-annually over 1.5 year period)				
TOTAL PROJECT COSTS	\$28,376,100	\$28,376,100	\$0	\$0

RESIDUAL LAND VALUE

Project Value	\$39,799,836
Project Costs	\$28,376,100
Less Developers Profit (15% of Land and Building)	\$5,191,283
Residual Land Value:	\$6,232,453
- Per Buildable Sq. Ft.	\$24
Assumed Land Value @ \$2,290,000 /acre	\$4,580,000
- Per Buildable Sq. Ft.	\$18

DEVELOPMENT AREA -
DEVELOPMENT TYPE -

EAST BAYFRONT
MULTI-STOREY INDUSTRIAL BREAK-EVEN ANALYSIS - WITH SOIL REMEDIATION

SITE AREA:

87,120 (sq.ft.)

2.00 (acres)

DENSITY

300

Building Description

Description		Development Type			
		TOTAL	Industrial	Office	Res-Condominium
COMPOSITION OF DEVELOPMENT		100%	100%	0%	0%
BUILDING INFORMATION:					
Floor Plate (in sq.ft.)	40,000				
Number of Floors	7				
Gross Zoning Area	sq.ft.	261,360	261,360	0	0
Gross Construction Area	106%	277,042	277,042	0	0
Building Efficiency (As % of G.Z.A.)	%		94%	0%	0%
Net Building Area	sq.ft.	245,678	245,678	0	0
PARKING: TOTAL REQUIRED	spaces	121	121	0	0
	Surface	121	121	0	0
	Structure	0	0	0	0
	Underground	0	0	0	0

RESIDENTIAL ASSUMPTIONS:

Average Unit Size 0 sq.ft.
Number of Residential Units 0

Assumptions

ASSUMPTIONS		Development Type		
		Industrial	Office	Res-Condominium
REVENUE:				
Gross Lease/Sale Rate		\$16.00	\$0.00	\$0
Tenant Inducements (Per Sq.Ft.)		\$32.00	\$0.00	\$0
Capitalization Rate		8.0%	0.0%	0.0%
Vacancy Rates		0.0%	0.0%	0.0%
COST:				
Number of Elevators Per Building - 5				
Cost Per Elevator - \$100,000				
Landscaping Costs (Per Sq. Ft. Of Site Area)		\$2.07	\$0.00	\$0.00
Building Costs (Per Gross Construction Sq.Ft.)		\$75	\$0	\$0

PARKING REQUIREMENT/REVENUE		Development Type		
		Industrial	Office	Res-Condominium
PARKING REQUIREMENTS:				
Parking Area - Sq.Ft. Per Space =	300			
1 Space Per sq.ft. (Comm.) or /Space per Unit (Res.)		2,152	0	0.000
PARKING REVENUE:				
Surface	/space	\$0	\$0	\$0
Structure	/space	\$0	\$0	\$0
Underground	/space	\$0	\$0	\$0

PARK LEVY:

✓ Current Levy: Based on 5% of land cash-in-lieu for residential projects and 2% for commercial projects
Value Of Land For Calculation Of Levy \$53 /sq.ft. \$2,290,000 /acre

Project Revenues

REVENUES	TOTAL	Industrial	Development Type	
			Office	Res-Condominium
Lease/Sale Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Parking	\$0	\$0	\$0	\$0
Gross Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Less Vacancy See Assumptions	\$0	\$0	\$0	\$0
Net Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Capitalized Value	\$49,135,600	\$49,135,600	\$0	\$0
Less Tenant Inducements See Assumptions	(\$7,861,696)	(\$7,861,696)	\$0	\$0
Less Sales Commission 3.0% Capital Value	(\$1,474,068)	(\$1,474,068)	\$0	\$0
PROJECT VALUE	\$39,799,836	\$39,799,836	\$0	\$0

Project Costs

COSTS	TOTAL	Industrial	Development Type	
			Office	Res-Condominium
HARD COSTS:				
Demolition and Soils @ \$250,000 /acre	\$500,000	\$500,000	\$0	\$0
Landscaping @ See Assumptions	\$180,338	\$180,338	\$0	\$0
Servicing @ \$10,000 /Building	\$10,000	\$10,000	\$0	\$0
Building See Assumptions	\$20,778,150	\$20,778,150	\$0	\$0
Elevators \$100,000 /Elevator	\$500,000	\$500,000	\$0	\$0
Parking				
Cash-In-Lieu of Parking \$2,000 /space	\$242,000	\$242,000	\$0	\$0
Structure \$0 /space	\$0	\$0	\$0	\$0
Underground \$20,000 /space	\$0	\$0	\$0	\$0
SUB-TOTAL HARD COSTS	\$22,210,488	\$22,210,488	\$0	\$0
SOFT COSTS:				
Arch & Engineering Fees @ 5.0% Hard Costs	\$1,110,524	\$1,110,524	\$0	\$0
Legal Fees @ 1.0% Hard Costs	\$222,105	\$222,105	\$0	\$0
Contingency @ 5.0% Hard Costs	\$1,110,524	\$1,110,524	\$0	\$0
Construction Management @ 5.0% Hard Costs	\$1,110,524	\$1,110,524	\$0	\$0
Res. Administration/Setup Fee \$50,000 /Res. Building	\$0	\$0	\$0	\$0
CITY OF TORONTO CHARGES:				
Current Development Charges:				
Building Permits @ 1.0% Hard Costs	\$222,105	\$222,105	\$0	\$0
Park's Levy @ See Assumptions	\$0	\$0	\$0	\$0
Sewage Impost Fee @ \$0.70 /sq. ft.	\$182,952	\$182,952	\$0	\$0
SUB-TOTAL SOFT COSTS	\$3,958,734	\$3,958,734	\$0	\$0
SUB-TOTAL HARD AND SOFT COSTS	\$26,169,222	\$26,169,222	\$0	\$0
Construction Financing (1) @ 9.70% Effective Rate	\$2,855,716	\$2,855,716	\$0	\$0
(1) Note: Based on 75% of Hard and Soft Costs compounded semi-annually over 1.5 year period)				
TOTAL PROJECT COSTS	\$29,024,938	\$29,024,938	\$0	\$0

RESIDUAL LAND VALUE

Project Value	\$39,799,836
Project Costs	\$29,024,938
Less Developers Profit (15% of Land and Building)	\$5,191,283
Residual Land Value:	\$5,583,615
- Per Buildable Sq. Ft.	\$21
Assumed Land Value @ \$2,290,000 /acre	\$4,580,000
- Per Buildable Sq. Ft.	\$18

DEVELOPMENT AREA - EAST BAYFRONT
 DEVELOPMENT TYPE - MULTI STOREY INDUSTRIAL - NO SOIL REMEDIATION

SITE AREA: 87,120 (sq.ft.) 2.00 (acres) DENSITY 3.00

Building Description

Description		Development Type			
		TOTAL	Industrial	Office	Res-Condominium
COMPOSITION OF DEVELOPMENT		100%	100%	0%	0%
BUILDING INFORMATION:					
Floor Plate (in sq.ft.)	40,000				
Number of Floors	7				
Gross Zoning Area	sq.ft.	261,360	261,360	0	0
Gross Construction Area	106%	277,042	277,042	0	0
Building Efficiency (As % of G.Z.A.)	%		94%	0%	0%
Net Building Area	sq.ft.	245,678	245,678	0	0
PARKING TOTAL REQUIRED	spaces	121	121	0	0
	Surface	121	121	0	0
	Structure	0	0	0	0
	Underground	0	0	0	0

RESIDENTIAL ASSUMPTIONS:

Average Unit Size 0 sq.ft.
 Number of Residential Units 0

Assumptions

ASSUMPTIONS		Development Type		
		Industrial	Office	Res-Condominium
REVENUE:				
Gross Lease/Sale Rate		\$16.00	\$0.00	\$0
Tenant Inducements (Per Sq.Ft.)		\$32.00	\$0.00	\$0
Capitalization Rate		8.0%	0.0%	0.0%
Vacancy Rates		0.0%	0.0%	0.0%
COST:				
Number of Elevators Per Building - 5				
Cost Per Elevator - \$100,000				
Landscaping Costs (Per Sq. Ft. Of Site Area)		\$2.07	\$0.00	\$0.00
Building Costs (Per Gross Construction Sq.Ft.)		\$75	\$0	\$0

PARKING REQUIREMENT/REVENUE		Development Type		
		Industrial	Office	Res-Condominium
PARKING REQUIREMENTS:				
Parking Area - Sq.Ft. Per Space = 300				
1 Space Per sq.ft. (Comm.) or /Space per Unit (Res.)		2,152	0	0.000
PARKING REVENUE:				
Surface	/space	\$0	\$0	\$0
Structure	/space	\$0	\$0	\$0
Underground	/space	\$0	\$0	\$0

PARK LEVY:

✓ Current Levy: Based on 5% of land cash-in-flow for residential projects and 2% for commercial projects
 Value Of Land For Calculation of Levy \$46 /sq.ft. \$2,000,000 /acre

Project Revenues

REVENUES	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
Lease/Sale Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Parking	\$0	\$0	\$0	\$0
Gross Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Less Vacancy See Assumptions	\$0	\$0	\$0	\$0
Net Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Capitalized Value	\$49,135,600	\$49,135,600	\$0	\$0
Less Tenant Inducements See Assumptions		(\$7,061,696)		
Less Sales Commission 3.0% Capital Value	(\$1,474,068)	(\$1,474,068)	\$0	\$0
PROJECT VALUE	\$39,799,836	\$39,799,836	\$0	\$0

Project Costs

COSTS	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
HARD COSTS:				
Demolition and Soils @ \$0 /acre	\$0	\$0	\$0	\$0
Landscaping @ See Assumptions	\$180,338	\$180,338	\$0	\$0
Servicing @ \$10,000 /Building	\$10,000	\$10,000	\$0	\$0
Building See Assumptions	\$20,778,150	\$20,778,150	\$0	\$0
Elevators \$100,000 /Elevator	\$500,000	\$500,000	\$0	\$0
Parking:				
Surface \$2,000 /space	\$242,000	\$242,000	\$0	\$0
Structure \$0 /space	\$0	\$0	\$0	\$0
Underground \$20,000 /space	\$0	\$0	\$0	\$0
SUB-TOTAL HARD COSTS	\$21,710,488	\$21,710,488	\$0	\$0
SOFT COSTS:				
Arch & Engineering Fees @ 5.0% Hard Costs	\$1,085,524	\$1,085,524	\$0	\$0
Legal Fees @ 1.0% Hard Costs	\$217,105	\$217,105	\$0	\$0
Contingency @ 5.0% Hard Costs	\$1,085,524	\$1,085,524	\$0	\$0
Construction Management @ 5.0% Hard Costs	\$1,085,524	\$1,085,524	\$0	\$0
Res. Administration/Setup Fee \$50,000 /Res. Building	\$0	\$0	\$0	\$0
CITY OF TORONTO CHARGES:				
Current Development Charges:				
Building Permits @ 1.0% Hard Costs	\$217,105	\$217,105	\$0	\$0
Park's Levy @ See Assumptions	\$0	\$0	\$0	\$0
Sewage Impost Fee @ \$0.70 /sq.ft.	\$182,952	\$182,952	\$0	\$0
SUB-TOTAL SOFT COSTS	\$3,873,734	\$3,873,734	\$0	\$0
SUB-TOTAL HARD AND SOFT COSTS	\$25,584,222	\$25,584,222	\$0	\$0
Construction Financing (1) @ 9.70% Effective Rate	\$2,791,878	\$2,791,878	\$0	\$0
(1) Note: Based on 75% of Hard and Soft Costs compounded semi-annually over 1.5 year period)				
TOTAL PROJECT COSTS	\$28,376,100	\$28,376,100	\$0	\$0

RESIDUAL LAND VALUE

Project Value	\$39,799,836
Project Costs	\$28,376,100
Less Developers Profit (15% of Land and Building)	\$5,191,283
Residual Land Value:	\$5,232,453
- Per Buildable Sq.Ft.	\$24
Assumed Land Value @ \$2,000,000 /acre	\$4,000,000
- Per Buildable Sq.Ft.	\$15

DEVELOPMENT AREA -
DEVELOPMENT TYPE -

EAST BAYFRONT
MULTI-STOREY INDUSTRIAL - WITH SOIL REMEDIATION

SITE AREA:

87,120 (sq.ft.)

2.00 (acres)

DENSITY

3.00

Building Description

Description		Development Type			
		TOTAL	Industrial	Office	Res-Condominium
COMPOSITION OF DEVELOPMENT		100%	100%	0%	0%
BUILDING INFORMATION:					
Floor Plate (in sq.ft.)	40,000				
Number of Floors	7				
Gross Zoning Area	sq.ft.	261,360	261,360	0	0
Gross Construction Area	106%	277,042	277,042	0	0
Building Efficiency (As % of G.Z.A.)	%		94%	0%	0%
Net Building Area	sq.ft.	245,678	245,678	0	0
PARKING: TOTAL REQUIRED	spaces	121	121	0	0
	Surface	121	121	0	0
	Structure	0	0	0	0
	Underground	0	0	0	0

RESIDENTIAL ASSUMPTIONS:

Average Unit Size 0 sq.ft.
Number of Residential Units 0

Assumptions

ASSUMPTIONS		Development Type		
		Industrial	Office	Res-Condominium
REVENUE:				
Gross Lease/Sale Rate		\$16.00	\$0.00	\$0
Tenant Inducements (Per Sq.Ft.)		\$32.00	\$0.00	\$0
Capitalization Rate		8.0%	0.0%	0.0%
Vacancy Rates		0.0%	0.0%	0.0%
COST:				
Number of Elevators Per Building - 5				
Cost Per Elevator - \$100,000				
Landscaping Costs (Per Sq. Ft. Of Site Area)		\$2.07	\$0.00	\$0.00
Building Costs (Per Gross Construction Sq.Ft.)		\$75	\$0	\$0

PARKING REQUIREMENT/REVENUE		Development Type		
		Industrial	Office	Res-Condominium
PARKING REQUIREMENTS:				
• Parking Area - Sq.Ft. Per Space =	300			
1 Space Per sq.ft. (Comm.) or /Space per Unit (Res.)		2,152	0	0.000
PARKING REVENUE:				
Surface	/space	\$0	\$0	\$0
Structure	/space	\$0	\$0	\$0
Underground	/space	\$0	\$0	\$0

PARK LEVY:

✓ Current Levy: Based on 5% of land cash-in-lieu for residential projects and 2% for commercial projects
Value Of Land For Calculation of Levy \$46 /sq.ft. \$2,000,000 /acre

Project Revenues

REVENUES	TOTAL	Industrial	Development Type	
			Office	Res-Condominium
Lease/Sale Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Parking	\$0	\$0	\$0	\$0
Gross Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Less Vacancy See Assumptions	\$0	\$0	\$0	\$0
Net Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Capitalized Value	\$49,135,600	\$49,135,600	\$0	\$0
Less Tenant Inducements See Assumptions		(\$7,861,696)		
Less Sales Commission 3.0% Capital Value	(\$1,474,068)	(\$1,474,068)	\$0	\$0
PROJECT VALUE	\$39,799,836	\$39,799,836	\$0	\$0

Project Costs

COSTS	TOTAL	Industrial	Development Type	
			Office	Res-Condominium
HARD COSTS:				
Demolition and Soils @ \$250,000 /acre	\$500,000	\$500,000	\$0	\$0
Landscaping @ See Assumptions	\$180,338	\$180,338	\$0	\$0
Servicing @ \$10,000 /Building	\$10,000	\$10,000	\$0	\$0
Building See Assumptions	\$20,778,150	\$20,778,150	\$0	\$0
Elevators \$100,000 /Elevator	\$500,000	\$500,000	\$0	\$0
Parking:				
Surface \$2,000 /space	\$242,000	\$242,000	\$0	\$0
Structure \$0 /space	\$0	\$0	\$0	\$0
Underground \$20,000 /space	\$0	\$0	\$0	\$0
SUB-TOTAL HARD COSTS	\$22,210,488	\$22,210,488	\$0	\$0
SOFT COSTS:				
Arch & Engineering Fees @ 5.0% Hard Costs	\$1,110,524	\$1,110,524	\$0	\$0
Legal Fees @ 1.0% Hard Costs	\$222,105	\$222,105	\$0	\$0
Contingency @ 5.0% Hard Costs	\$1,110,524	\$1,110,524	\$0	\$0
Construction Management @ 5.0% Hard Costs	\$1,110,524	\$1,110,524	\$0	\$0
Res. Administration/Setup Fee \$50,000 /Res. Building	\$0	\$0	\$0	\$0
CITY OF TORONTO CHARGES:				
Current Development Charges:				
Building Permits @ 1.0% Hard Costs	\$222,105	\$222,105	\$0	\$0
Park's Levy @ See Assumptions	\$0	\$0	\$0	\$0
Sewage Impost Fee @ \$0.70 /sq.ft.	\$182,952	\$182,952	\$0	\$0
SUB-TOTAL SOFT COSTS	\$3,958,734	\$3,958,734	\$0	\$0
SUB-TOTAL HARD AND SOFT COSTS	\$26,169,222	\$26,169,222	\$0	\$0
Construction Financing (1) @ 9.70% Effective Rate	\$2,855,716	\$2,855,716	\$0	\$0
(1) Note: Based on 75% of Hard and Soft Costs compounded semi-annually over 1.5 year period)				
TOTAL PROJECT COSTS	\$29,024,938	\$29,024,938	\$0	\$0

RESIDUAL LAND VALUE

Project Value	\$39,799,836
Project Costs	\$29,024,938
Less Developers Profit (15% of Land and Building)	\$5,191,283
Residual Land Value:	\$5,583,615
- Per Buildable Sq.Ft.	\$21
Assumed Land Value @ \$2,000,000 /acre	\$4,000,000
- Per Buildable Sq.Ft.	\$15

DEVELOPMENT AREA -
DEVELOPMENT TYPE -

EAST BAYFRONT
MULTI-STOREY INDUSTRIAL LIMITED BUILDING HEIGHT - NO SOIL REMEDIATION

SITE AREA: 87,120 (sq.ft.) 2.00 (acres) DENSITY 3.00

Building Description

Description		Development Type			
		TOTAL	Industrial	Office	Res-Condominium
COMPOSITION OF DEVELOPMENT		100%	100%	0%	0%
BUILDING INFORMATION:					
Floor Plate (in sq.ft.)	65,000				
Number of Floors	4				
Gross Zoning Area	sq.ft.	261,360	261,360	0	0
Gross Construction Area	106%	277,042	277,042	0	0
Building Efficiency (As % of G.Z.A.)	%		94%	0%	0%
Net Building Area	sq.ft.	245,678	245,678	0	0
PARKING: TOTAL REQUIRED	spaces	121	121	0	0
Surface	spaces	0	0	0	0
Structure	spaces	0	0	0	0
Underground	spaces	0	0	0	0

RESIDENTIAL ASSUMPTIONS:

Average Unit Size 0 sq.ft.
Number of Residential Units 0

Assumptions

ASSUMPTIONS		Development Type		
		Industrial	Office	Res-Condominium
REVENUE:				
Gross Lease/Sale Rate		\$16.00	\$0.00	\$0
Tenant Inducements (Per Sq.Ft.)		\$32.00	\$0.00	\$0
Capitalization Rate		8.0%	0.0%	0.0%
Vacancy Rates		0.0%	0.0%	0.0%
COST:				
Number of Elevators Per Building - 5				
Cost Per Elevator - \$100,000				
Landscaping Costs (Per Sq. Ft. Of Site Area)		\$2.07	\$0.00	\$0.00
Building Costs (Per Gross Construction Sq.Ft.)		\$75	\$0	\$0

PARKING REQUIREMENT/REVENUE		Development Type		
		Industrial	Office	Res-Condominium
PARKING REQUIREMENTS:				
• Parking Area - Sq.Ft. Per Space =	300			
1 Space Per sq.ft. (Comm.) or /Space per Unit (Res.)		2,152	0	0.000
PARKING REVENUE:				
Surface	/space	\$0	\$0	\$0
Structure	/space	\$0	\$0	\$0
Underground	/space	\$0	\$0	\$0

PARK LEVY:

✓ Current Levy: Based on 5% of land cash-in-lieu for residential projects and 2% for commercial projects
Value Of Land For Calculation Of Levy \$46 /sq.ft. \$2,000,000 /acre

Project Revenues

REVENUES	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
Lease/Sale Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Parking	\$0	\$0	\$0	\$0
Gross Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Less Vacancy See Assumptions	\$0	\$0	\$0	\$0
Net Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Capitalized Value	\$49,135,600	\$49,135,600	\$0	\$0
Less Tenant Inducements See Assumptions	(\$7,861,696)	(\$7,861,696)	\$0	\$0
Less Sales Commission 3.0% Capital Value	(\$1,474,068)	(\$1,474,068)	\$0	\$0
PROJECT VALUE	\$39,799,836	\$39,799,836	\$0	\$0

Project Costs

COSTS	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
HARD COSTS:				
Demolition and Soils @ \$0 /acre	\$0	\$0	\$0	\$0
Landscaping @ See Assumptions	\$180,338	\$180,338	\$0	\$0
Servicing @ \$10,000 /Building	\$10,000	\$10,000	\$0	\$0
Building See Assumptions	\$20,778,150	\$20,778,150	\$0	\$0
Elevators \$100,000 /Elevator	\$500,000	\$500,000	\$0	\$0
Parking:				
Surface \$0 /space	\$0	\$0	\$0	\$0
Structure \$0 /space	\$0	\$0	\$0	\$0
Underground \$20,000 /space	\$0	\$0	\$0	\$0
SUB-TOTAL HARD COSTS	\$21,468,488	\$21,468,488	\$0	\$0
SOFT COSTS:				
Cash-In-Lieu For Off-Site Parking \$5,344 /Space	\$646,624	\$646,624	\$0	\$0
Arch & Engineering Fees @ 5.0% Hard Costs	\$1,073,424	\$1,073,424	\$0	\$0
Legal Fees @ 1.0% Hard Costs	\$214,685	\$214,685	\$0	\$0
Contingency @ 5.0% Hard Costs	\$1,073,424	\$1,073,424	\$0	\$0
Construction Management @ 5.0% Hard Costs	\$1,073,424	\$1,073,424	\$0	\$0
CITY OF TORONTO CHARGES:				
Current Development Charges:				
Building Permits @ 1.0% Hard Costs	\$214,685	\$214,685	\$0	\$0
Park's Levy @ See Assumptions	\$0	\$0	\$0	\$0
Sewage Impost Fee @ \$0.70 /sq.ft.	\$182,952	\$182,952	\$0	\$0
SUB-TOTAL SOFT COSTS	\$4,479,218	\$4,479,218	\$0	\$0
SUB-TOTAL HARD AND SOFT COSTS	\$25,947,706	\$25,947,706	\$0	\$0

Construction Financing (1) @ 9.70% Effective Rate	\$2,831,543	\$2,831,543	\$0	\$0
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(1) Note: Based on 75% of Hard and Soft Costs compounded semi-annually over 1.5 year period)

TOTAL PROJECT COSTS	\$28,779,249	\$28,779,249	\$0	\$0
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RESIDUAL LAND VALUE

Project Value	\$39,799,836
Project Costs	\$28,779,249
Less Developers Profit (15% of Land and Building)	\$5,191,283
Residual Land Value:	\$5,829,304
- Per Buildable Sq.Ft.	\$22
Assumed Land Value	\$4,000,000
- Per Buildable Sq.Ft.	\$15

DEVELOPMENT AREA -
DEVELOPMENT TYPE -

EAST BAYFRONT
MULTI-STOREY INDUSTRIAL LIMITED BUILDING HEIGHT - WITH SOIL REMEDIATION

SITE AREA:

87,120 (sq.ft.)

2.00 (acres)

DENSITY

3.00

Building Description

Description		Development Type			
		TOTAL	Industrial	Office	Res-Condominium
COMPOSITION OF DEVELOPMENT		100%	100%	0%	0%
BUILDING INFORMATION:					
Floor Plate (in sq.ft.)	65,000				
Number of Floors	4				
Gross Zoning Area	sq.ft.	261,360	261,360	0	0
Gross Construction Area	106%	277,042	277,042	0	0
Building Efficiency (As % of G.Z.A.)	%		94%	0%	0%
Net Building Area	sq.ft.	245,678	245,678	0	0
PARKING: TOTAL REQUIRED	spaces	121	121	0	0
	Surface	spaces	0	0	0
	Structure	spaces	0	0	0
	Underground	spaces	0	0	0

RESIDENTIAL ASSUMPTIONS:

Average Unit Size 0 sq.ft.
Number of Residential Units 0

Assumptions

ASSUMPTIONS		Development Type		
		Industrial	Office	Res-Condominium
REVENUE:				
Gross Lease/Sale Rate		\$16.00	\$0.00	\$0
Tenant Inducements (Per Sq.Ft.)		\$32.00	\$0.00	\$0
Capitalization Rate		8.0%	0.0%	0.0%
Vacancy Rates		0.0%	0.0%	0.0%
COST:				
Number of Elevators Per Building - 5				
Cost Per Elevator - \$100,000				
Landscaping Costs (Per Sq. Ft. Of Site Area)		\$2.07	\$0.00	\$0.00
Building Costs (Per Gross Construction Sq.Ft.)		\$75	\$0	\$0

PARKING REQUIREMENT/REVENUE		Development Type		
		Industrial	Office	Res-Condominium
PARKING REQUIREMENTS:				
• Parking Area - Sq.Ft. Per Space =	300			
1 Space Per sq.ft. (Comm.) or /Space per Unit (Res.)		2,152	0	0.000
PARKING REVENUE:				
Surface	/space	\$0	\$0	\$0
Structure	/space	\$0	\$0	\$0
Underground	/space	\$0	\$0	\$0

PARK LEVY:

✓ Current Levy: Based on 5% of land cash-in-lieu for residential projects and 2% for commercial projects
Value Of Land For Calculation of Levy \$46 /sq.ft. \$2,000,000 /acre

Project Revenues

REVENUES	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
Lease/Sale Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Parking	\$0	\$0	\$0	\$0
Gross Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Less Vacancy See Assumptions	\$0	\$0	\$0	\$0
Net Revenues	\$3,930,848	\$3,930,848	\$0	\$0
Capitalized Value	\$49,135,600	\$49,135,600	\$0	\$0
Less Tenant Inducements See Assumptions	(\$7,861,696)	(\$7,861,696)	\$0	\$0
Less Sales Commission 3.0% Capital Value	(\$1,474,068)	(\$1,474,068)	\$0	\$0
PROJECT VALUE	\$39,799,836	\$39,799,836	\$0	\$0

Project Costs

COSTS	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
HARD COSTS:				
Demolition and Soils @ \$250,000 /acre	\$500,000	\$500,000	\$0	\$0
Landscaping @ See Assumptions	\$180,338	\$180,338	\$0	\$0
Servicing @ \$10,000 /Building	\$10,000	\$10,000	\$0	\$0
Building See Assumptions	\$20,778,150	\$20,778,150	\$0	\$0
Elevators \$100,000 /Elevator	\$500,000	\$500,000	\$0	\$0
Parking:				
Surface \$0 /space	\$0	\$0	\$0	\$0
Structure \$0 /space	\$0	\$0	\$0	\$0
Underground \$20,000 /space	\$0	\$0	\$0	\$0
SUB-TOTAL HARD COSTS	\$21,968,488	\$21,968,488	\$0	\$0
SOFT COSTS:				
Cash-In-Lieu For Off-Site Parking \$5,344 /Space	\$646,624	\$646,624	\$0	\$0
Arch & Engineering Fees @ 5.0% Hard Costs	\$1,098,424	\$1,098,424	\$0	\$0
Legal Fees @ 1.0% Hard Costs	\$219,685	\$219,685	\$0	\$0
Contingency @ 5.0% Hard Costs	\$1,098,424	\$1,098,424	\$0	\$0
Construction Management @ 5.0% Hard Costs	\$1,098,424	\$1,098,424	\$0	\$0
CITY OF TORONTO CHARGES:				
Current Development Charges:				
Building Permits @ 1.0% Hard Costs	\$219,685	\$219,685	\$0	\$0
Park's Levy @ See Assumptions	\$0	\$0	\$0	\$0
Sewage Impost Fee @ \$0.70 /sq.ft.	\$182,952	\$182,952	\$0	\$0
SUB-TOTAL SOFT COSTS	\$4,564,218	\$4,564,218	\$0	\$0
SUB-TOTAL HARD AND SOFT COSTS	\$26,532,706	\$26,532,706	\$0	\$0
Construction Financing (1) @ 9.70% Effective Rate	\$2,895,382	\$2,895,382	\$0	\$0
(1) Note: Based on 75% of Hard and Soft Costs compounded semi-annually over 1.5 year period)				
TOTAL PROJECT COSTS	\$29,428,088	\$29,428,088	\$0	\$0

RESIDUAL LAND VALUE

Project Value	\$39,799,836
Project Costs	\$29,428,088
Less Developers Profit (15% of Land and Building)	\$5,191,283
Residual Land Value:	\$5,180,465
- Per Buildable Sq.Ft.	\$20
Assumed Land Value	\$4,000,000
- Per Buildable Sq.Ft.	\$15

DEVELOPMENT AREA -
DEVELOPMENT TYPE -

EAST BAYFRONT
MIXED USE EMPLOYMENT RESIDENTIAL - NO SOIL REMEDIATION

SITE AREA:

87,120 (sq.ft.)

2.00 (acres)

DENSITY

3.00

Building Description

Description		Development Type			
		TOTAL	Industrial	Office	Res-Condominium
COMPOSITION OF DEVELOPMENT		100%	50%	0%	50%
BUILDING INFORMATION:					
Floor Plate (in sq.ft.)	20,000				
Number of Buildings	2				
Number of Floors	7				
Gross Zoning Area	sq.ft.	261,360	130,680	0	130,680
Gross Construction Area	106%	277,042	138,521	0	138,521
Building Efficiency (As % of G.Z.A.)	%		94%	0%	95%
Net Building Area	sq.ft.	246,985	122,839	0	124,146
PARKING:					
TOTAL	spaces	192	61	0	131
Surface	spaces	128	61	0	67
Structure	spaces	0	0	0	0
Underground	spaces	64	0	0	64

RESIDENTIAL ASSUMPTIONS:

Average Unit Size 1,000 sq.ft.
Number of Residential Units 124

Assumptions

ASSUMPTIONS	Development Type		
	Industrial	Office	Res-Condominium
REVENUE:			
Gross Lease/Sale Rate	\$16.00	\$0.00	\$190
Tenant Inducements (Per Sq.Ft.)	\$32.00	\$0.00	\$0
Capitalization Rate	8.0%	0.0%	0.0%
Vacancy Rates	0.0%	0.0%	0.0%
COST:			
Number of Elevators Per Building - 3			
Cost Per Elevator - \$100,000			
Landscaping Costs (Per Sq. Ft. Of Site Area)	\$2.07	\$0.00	\$0.71
Building Costs (Per Gross Construction Sq.Ft.)	\$75	\$0	\$90

PARKING ASSUMPTIONS/REVENUE		Development Type		
		Industrial	Office	Res-Condominium
PARKING ASSUMPTIONS:				
• Parking Area - Sq.Ft. Per Space =	300			
1 Space Per sq.ft. (Comm.) or /Space per Unit (Res.)		2,152	0	1.06
PARKING REVENUE:				
Surface	/space	\$0	\$0	\$0
Structure	/space	\$0	\$0	\$0
Underground	/space	\$0	\$0	\$25,000

PARK LEVY:

✓ Current Levy: Based on 5% of land cash-in-lieu for residential projects and 2% for commercial projects
Value Of Land For Calculation of Levy \$46 /sq.ft. \$2,000,000 /acre

Project Revenues

REVENUES	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
Lease/Sale Revenues	\$26,173,894	\$1,965,424	\$0	\$24,208,470
Parking	\$1,600,000	\$0	\$0	\$1,600,000
Gross Revenues	\$27,773,894	\$1,965,424	\$0	\$25,808,470
Less Vacancy See Assumptions	\$0	\$0	\$0	\$0
Net Revenues	\$27,773,894	\$1,965,424	\$0	\$25,808,470
Capitalized Value	\$50,376,270	\$24,567,800	\$0	\$25,808,470
Less Tenant Inducements See Assumptions		(\$3,930,848)		
Less Sales Commission 3.0% Capital Value	(\$1,511,288)	(\$737,034)	\$0	(\$774,254)
PROJECT VALUE	\$44,934,134	\$19,899,918	\$0	\$25,034,216

Project Costs

COSTS	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
HARD COSTS:				
Demolition and Soils @ \$0 /acre	\$0	\$0	\$0	\$0
Landscaping @ See Assumptions	\$242,193	\$180,338	\$0	\$61,855
Servicing @ \$10,000 /Building	\$10,000	\$5,000	\$0	\$5,000
Building See Assumptions	\$22,855,965	\$10,389,075	\$0	\$12,466,890
Elevators \$100,000 /Elevator	\$600,000	\$300,000	\$0	\$300,000
Parking:				
Surface \$2,000 /space	\$256,000	\$122,000	\$0	\$134,000
Structure \$0 /space	\$0	\$0	\$0	\$0
Underground \$25,000 /space	\$1,600,000	\$0	\$0	\$1,600,000
SUB-TOTAL HARD COSTS	\$25,564,158	\$10,996,413	\$0	\$14,567,745
SOFT COSTS:				
Arch & Engineering Fees @ 5.0% Hard Costs	\$1,278,208	\$549,821	\$0	\$728,387
Legal Fees @ 1.0% Hard Costs	\$255,641	\$109,964	\$0	\$145,677
Contingency @ 5.0% Hard Costs	\$1,278,208	\$549,821	\$0	\$728,387
Construction Management @ 5.0% Hard Costs	\$1,278,208	\$549,821	\$0	\$728,387
Res. Administration/Setup Fee \$50,000 /Res. Building	\$50,000	\$0	\$0	\$50,000
CITY OF TORONTO CHARGES:				
Current Development Charges:				
Building Permits @ 1.0% Hard Costs	\$255,641	\$109,964	\$0	\$145,677
Park's Levy @ See Assumptions	\$100,188	\$0	\$0	\$100,188
Sewage Impost Fee @ \$0.70 /sq.ft.	\$182,952	\$91,476	\$0	\$91,476
SUB-TOTAL SOFT COSTS	\$4,679,046	\$1,960,867	\$0	\$2,718,179
SUB-TOTAL HARD AND SOFT COSTS	\$30,243,204	\$12,957,280	\$0	\$17,285,924
Construction Financing (1) @ 9.70% Effective Rate	\$3,300,289	\$1,413,963	\$0	\$1,886,326
TOTAL PROJECT COSTS	\$33,543,493	\$14,371,243	\$0	\$19,172,250

(1) Note: Based on 75% of Hard and Soft Costs compounded semi-annually over 1.5 year period)

RESIDUAL LAND VALUE

Project Value	\$44,934,134
Project Costs	\$33,543,493
Less Developers Profit (15% of Land and Building)	\$5,860,974
Residual Land Value:	\$5,529,667
- Per Buildable Sq.Ft.	\$21
Assumed Land Value @ \$2,000,000 /acre	\$4,000,000
- Per Buildable Sq.Ft.	\$15

DEVELOPMENT AREA -
DEVELOPMENT TYPE -

EAST BAYFRONT
MIXED USE EMPLOYMENT RESIDENTIAL - WITH SOIL REMEDIATION

SITE AREA:

87,120 (sq.ft.)

2.00 (acres)

DENSITY

3.00

Building Description

Description		Development Type			
		TOTAL	Industrial	Office	Res-Condominium
COMPOSITION OF DEVELOPMENT		100%	50%	0%	50%
BUILDING INFORMATION:					
Floor Plate (in sq.ft.)	20,000				
Number of Buildings	2				
Number of Floors	7				
Gross Zoning Area	sq.ft.	261,360	130,680	0	130,680
Gross Construction Area	106%	277,042	138,521	0	138,521
Building Efficiency (As % of G.Z.A.)	%		94%	0%	95%
Net Building Area	sq.ft.	246,985	122,839	0	124,146
PARKING:	TOTAL	spaces	192	61	131
	Surface	spaces	128	61	67
	Structure	spaces	0	0	0
	Underground	spaces	64	0	64

RESIDENTIAL ASSUMPTIONS:

Average Unit Size 1,000 sq.ft.
Number of Residential Units 124

Assumptions

ASSUMPTIONS	Development Type		
	Industrial	Office	Res-Condominium
REVENUE:			
Gross Lease/Sale Rate	\$16.00	\$0.00	\$190
Tenant Inducements (Per Sq.Ft.)	\$32.00	\$0.00	\$0
Capitalization Rate	8.0%	0.0%	0.0%
Vacancy Rates	0.0%	0.0%	0.0%
COST:			
Number of Elevators Per Building - 3			
Cost Per Elevator - \$100,000			
Landscaping Costs (Per Sq. Ft. Of Site Area)	\$2.07	\$0.00	\$0.71
Building Costs (Per Gross Construction Sq.Ft.)	\$75	\$0	\$90

PARKING ASSUMPTIONS/REVENUE	Development Type		
	Industrial	Office	Res-Condominium
PARKING ASSUMPTIONS:			
• Parking Area - Sq.Ft. Per Space = 300			
1 Space Per sq.ft. (Comm.) or /Space per Unit (Res.)	2,152	0	1.06
PARKING REVENUE:			
Surface	/space	\$0	\$0
Structure	/space	\$0	\$0
Underground	/space	\$0	\$25,000

PARK LEVY:

✓ Current Levy: Based on 5% of land cash-in-lieu for residential projects and 2% for commercial projects
Value Of Land For Calculation of Levy \$46 /sq.ft. \$2,000,000 /acre

Project Revenues

REVENUES	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
Lease/Sale Revenues	\$25,553,164	\$1,965,424	\$0	\$23,587,740
Parking	\$1,600,000	\$0	\$0	\$1,600,000
Gross Revenues	\$27,153,164	\$1,965,424	\$0	\$25,187,740
Less Vacancy See Assumptions	\$0	\$0	\$0	\$0
Net Revenues	\$27,153,164	\$1,965,424	\$0	\$25,187,740
Capitalized Value	\$49,755,540	\$24,567,800	\$0	\$25,187,740
Less Tenant Inducements See Assumptions		(\$3,930,848)		
Less Sales Commission 3.0% Capital Value	(\$1,492,666)	(\$737,034)	\$0	(\$755,632)
PROJECT VALUE	\$44,332,026	\$19,899,918	\$0	\$24,432,108

Project Costs

COSTS	Development Type			
	TOTAL	Industrial	Office	Res-Condominium
HARD COSTS:				
Demolition and Soils @ \$250,000 /acre	\$0	\$250,000	\$0	\$250,000
Landscaping @ See Assumptions	\$242,193	\$180,338	\$0	\$61,855
Servicing @ \$10,000 /Building	\$10,000	\$5,000	\$0	\$5,000
Building See Assumptions	\$22,855,965	\$10,389,075	\$0	\$12,466,890
Elevators \$100,000 /Elevator	\$600,000	\$300,000	\$0	\$300,000
Parking:				
Surface \$2,000 /space	\$256,000	\$122,000	\$0	\$134,000
Structure \$0 /space	\$0	\$0	\$0	\$0
Underground \$25,000 /space	\$1,600,000	\$0	\$0	\$1,600,000
SUB-TOTAL HARD COSTS	\$26,064,158	\$11,246,413	\$0	\$14,817,745
SOFT COSTS:				
Arch & Engineering Fees @ 5.0% Hard Costs	\$1,303,208	\$562,321	\$0	\$740,887
Legal Fees @ 1.0% Hard Costs	\$260,641	\$112,464	\$0	\$148,177
Contingency @ 5.0% Hard Costs	\$1,303,208	\$562,321	\$0	\$740,887
Construction Management @ 5.0% Hard Costs	\$1,303,208	\$562,321	\$0	\$740,887
Res. Administration/Setup Fee \$50,000 /Res. Building	\$50,000	\$0	\$0	\$50,000
CITY OF TORONTO CHARGES:				
Current Development Charges:				
Building Permits @ 1.0% Hard Costs	\$260,641	\$112,464	\$0	\$148,177
Park's Levy @ See Assumptions	\$100,188	\$0	\$0	\$100,188
Sewage Impost Fee @ \$0.70 /sq.ft.	\$182,952	\$91,476	\$0	\$91,476
SUB-TOTAL SOFT COSTS	\$4,764,046	\$2,003,367	\$0	\$2,760,679
SUB-TOTAL HARD AND SOFT COSTS	\$30,828,204	\$13,249,780	\$0	\$17,578,424
Construction Financing (1) @ 9.70% Effective Rate	\$2,724,712	\$1,445,882	\$0	\$1,278,830
(1) Note: Based on 75% of Hard and Soft Costs compounded semi-annually over 1 year period)				
TOTAL PROJECT COSTS	\$33,552,916	\$14,695,662	\$0	\$18,857,254

RESIDUAL LAND VALUE

Project Value	\$44,332,026
Project Costs	\$33,552,916
Less Developers Profit (15% of Land and Building)	\$5,782,438
Residual Land Value:	\$4,996,672
- Per Buildable Sq.Ft.	\$19
Assumed Land Value @ \$2,000,000 /acre	\$4,000,000
- Per Buildable Sq.Ft.	\$15